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NEWS SUMMARY

GENERAL

France tests neutron bomb

France has decided in principle to add the controversial neutron bomb to its nuclear armoury within the next few years, President Valery Giscard d'Estaing said in Paris yesterday.

The bomb which destroys human life but leaves buildings intact was the subject of widespread protests in 1978 when there were moves to deploy it among NATO countries.

The President told a Press conference that the weapon had been tested by France but he left open the question of when th bomb would be produced. Back Page

NATO offer

NATO members in Ankara renewed their offer of a new U.S.-led arms control talks with the Soviet Union but condemned the Soviet invasion of Afghanistan. Page 2; Afghan news, Page 4

Saudi arms aid

U.S. has said it might help Saudi Arabia to convert F-15 fighter aircraft into powerful offensive weapons which could dominate West Asian skies after talks between the countries' Defence Ministers in Geneva.

Angola invasion

Angola said a 3,000-strong South African force invaded the south of the country on June 7, killing more than 300 civilians. It said several towns were still occupied by the force.

U.S. appeal

U.S. appealed directly to the Soviet Union to urge Vietnam to halt any further attacks on Thailand, the State Department said in Washington. ASEAN pledge, Page 3

Air fares battle

Hong Kong air fares battle intensified as British Airways announced a special £99 single fare and British Caledonian pledged to match any of its competitors' charges. Back Page

Ulster plan

Cabinet gave its final approval to plans for devolution in Northern Ireland. A document proposing an elected assembly with some element of power sharing is to be published next week. Page 10

Cars probe

Office of Fair Trading is to launch an investigation into car servicing and repairs. The Office received 50,400 complaints about used cars last year. Page 6

£35,000 award

Belfast court awarded £35,000 damages to Mr. Jackie Maguire for "physical and psychological" damages his wife Anne suffered when her three children were killed in 1976 by a car which ran out of control after soldiers shot the driver.

France accused

Spain accused France of harbouring members of the Basque separatist organisation ETA, responsible for this week's bombing campaign in Mediterranean coastal resorts. Page 2

Euthanasia move

Vatican reaffirmed its condemnation of euthanasia but said the life-support systems of dying patients in hospitals could be suspended in certain circumstances.

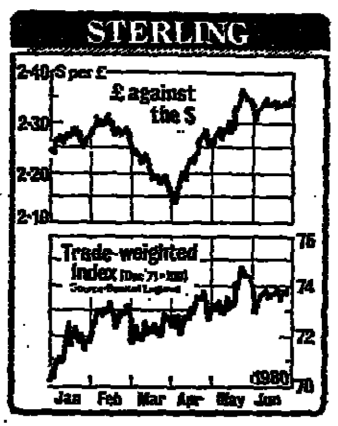
Horse shares

Horserace Betting Levy Board is to buy 15 shares in the colt Final Straw for the National Stud at a cost of £375,000. The colt is valued at £1m.
Racing, Page 18

BUSINESS

Sterling rallies; Gilts off 0.31

● STERLING recovered from a weak start on fears of an MLR cut to close 85 points higher at $2.3445. Its trade-weighted index was 73.9 (73.7). DOLLAR fell to DM 1.7640 (DM 1.7680), and its index was 83.4 (83.6). Page 31



● GOLD fell $2 in London to close at $623.5. Page 31

● GILTS: early gains of up to ¾ were replaced by falls ranging to ½. The Government Securities index closed 0.31 down at 69.47. Page 34

● EQUITIES were helped by good Plessey results, and the FT 30-share index advanced 0.8 to 466.7. Page 34

● WALL STREET was up 3.59 at 891.13 near the close. Page 32

● CHEMICAL BANK is to make the first Certificates of Deposit issue denominated in Special Drawing Rights. The issue is for SDR 50m in three- and six-month CDs. Page 28

● EEC Commission unilaterally adopted a directive requiring member governments to disclose details of financial transfers to public enterprises. Back Page

● IRAN and a consortium of Japanese companies agreed in principle to complete the Bandar Khomeini petrochemical complex in Iran.

● SOVIET exports to the West rose in value by 76 per cent in the first quarter against the same period last year, apparently on higher world prices paid for Soviet oil. Page 5

● BSR, the record player manufacturer, is paying off 2,300 workers—more than a quarter of its workforce—and closing two factories. Back Page

● BL seems certain to record its poorest ever sales performance this month with a market share below 15 per cent. Back Page

● BRITISH Shipbuilders achieved its target of 45 merchant ship orders in a year after an order from Shell UK for three coastal tankers. Page 7

COMPANIES

● FOSECO MINSEP, the UK metallurgy, building product and special chemicals group, made a bid worth nearly £40m for Unicorn Industries, the abrasives company, which was accepted by the board. Back Page; News Analysis, Page 27 and Lex, Back Page

● VICKERS shares closed 1p down on the suspension price at 128p valuing its bid for Rolls-Royce at £37.8m, or 64p per Rolls-Royce share. This compared with a Rolls closing price 7p up on the suspension price at 67p. Page 26

● PLESSEY, the electronics group, raised pre-tax profits last year by £13.84m to £60.09m on turnover of £751m (£648.3m). Page 22 and Lex, Back Page

● REDLAND, the construction industry supplier, lifted pre-tax profits for the year by £12.09m to £57.29m. Page 24 and Lex, Back Page

Government may raise funding by £400m

Joseph alters stance on BSC cash limits

BY ALAN PIKE

THE GOVERNMENT yesterday significantly softened its position on nationalised industry funding after a warning that the British Steel Corporation would have to cease trading if it were held to existing cash limits.

Sir Keith Joseph, Industry Secretary, told MPs that the corporation board had warned him that unless action was taken it would have to "recommend the liquidation of the business." The Government now accepts that it may have to raise the Corporation's funding by some £400m in the current financial year, making a possible total subsidy of £850m or more.

Later Sir Keith was asked at a Press conference whether his acceptance that BSC will not, as originally instructed, meet its £450m cash limit this year—with the Government financing the consequences—constituted a "U-turn" in policy. He said the Government's intention that the corporation should be profitable had not changed, but he accepted the timescale for achieving this was now extended.

"It is a delay in achievement. It is not the giving up of an objective."

Mr. Ian MacGregor, who becomes chairman of BSC on Tuesday, has been told by Sir Keith to use "every practicable means" to bring the corporation's cash requirements as close as posible to the external funding limit requirements—the Industry Secretary is not satisfied that the present BSC management has been sufficiently effective in its efforts to achieve this.

The clear implication of this is that BSC, faced with a world and national market which is declining to the point t which even its modest strategy of producing 15m liquid tonnes in the coming year is beginning to look optimistic, will have to make further cuts in capacity and jobs. It is already carrying out a redundancy exercise which will reduce its workforce by 52,000.

Mr. MacGregor was aware of BSC's cash limit when he agreed to become chairman but had not given Ministers a firm pledge to be bound by it. Yesterday's decision by Sir Keith will give the new chairman considerably more freedom of manoeuvre during his first months in the job.

Final figures to be published soon are expected to show that BSC made a loss of around £450m in the last financial year, plus £300m redundancy and closure costs, and a write-down of fixed assets of more than £1.1bn.

Sir Charles Villiers, the present BSC chairman, told Sir Keith during the steel strike in February that the corporation was unlikely to meet its cash limit, but said remedial action was being taken. In a letter earlier this month Sir Charles warned that, even after the attempted remedies, BSC saw the need for around £400m more in the current financial year.

The BSC board proposed that it should be allowed to sell and lease back major assets and arrange for the factoring of home debtors as ways of meeting its financial problems. But these solutions were rejected by Sir Keith because "they would only postpone the day of reckoning."

Plans for a financial reconstruction of BSC will be brought forward by the Government in the next Parliamentary session although an implementation date has not yet been decided. Ministers were insisting that they wanted the return to profitability to come first. Now they are only saying it remains their preferred option.

Sir Keith said yesterday that the existing BSC management had not achieved improved productivity targets and had not been sufficiently vigorous in containing losses. Further closures and redundancies "must be one of the options and one of the ingredients" of future moves to achieve profitability, but he doubted whether it would be the only one.

Parliament Page 10 ● Editorial comment and What MacGregor faces at British Steel, Page 20

Oil industry faces depressed demand because of recession and fuel saving

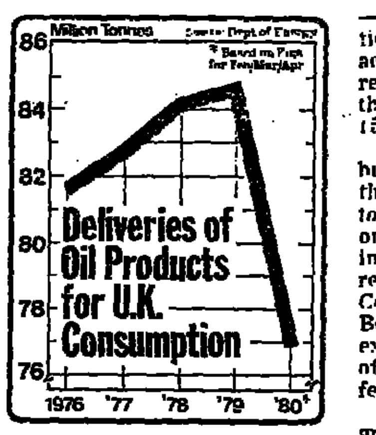
BY RAY DAFTER, ENERGY EDITOR

THE OIL industry in Britain is facing a slump in demand for its refinery products as a result of energy conservation measures and the general economic recession.

Government figures published yesterday show that deliveries of oil products—petrol, heating oils and chemical feedstock—during the period February to April fell by 17.2 per cent below the level in the corresponding three months of last year. The amount of oil delivered, a reflection of demand, dropped by 4m tonnes to 19.2m tonnes.

If this trend continues, the UK could reach a position of oil self-sufficiency within a matter of months. For the decline in demand is coinciding with an increase in North Sea production.

The Energy Department's latest Energy Trends bulletin reports that UK oil production



was 19.8m tonnes in the February-April period, an increase of 2.4m tonnes or 13.6 per cent on the comparable period of 1979.

Department officials pointed out last night that oil deliveries—although lower than production levels—did not take into account the fuel used by refineries (1.6m tonnes in the three months) or bunker fuel (595,000 tonnes).

The amount of heavy fuel oil burned by industry during the three months fell by 33 per cent to 5.4m tonnes. This was not only the result of depressed industrial activity but also reflected the switch by the Central Electricity Generating Board from oil to a higher-than-expected coal burn. The amount of oil used in power stations fell by 43.6 per cent.

Oil refiners saw demand growing only for transport fuels—petrol, derv and aviation turbine fuel—as well as bitumen. Petrol sales during the February to April period were 2.9 per cent up on the corresponding quarter of 1979 although the rate of increase is slowing down. Petrol deliveries in April were virtually the same as in the same month last year.

Overall, UK energy consumption on a primary fuel input basis during the three months was 9.9 per cent lower than a year earlier and the lowest for this particlar three-month period since 1975.

Consumption of coal fell by 6.5 per cent to 33.5m tonnes while natural gas sales dropped by 4.8 per cent. However, the Energy Department reported that on a seasonally-adjusted, temperature-corrected basis, total energy consumption fell by only 6.3 per cent.

£ in New York

—	June 25	Previous
Spot	$2.3370-3380	$2.3346-3354
1 month	1.77-1.72 dis	1.76-1.70 dis.
3 months	4.41-4.36 dis	4.20-4.14 dis.
12 months	9.80-9.65 dis	9.55-9.40 dis.

Lloyd's will seek powers for reforms

BY JOHN MOORE

LLOYD'S OF LONDON, the insurance market backed by private wealth, is urgently pressing for new legislative powers to reform its widely criticised methods of self-regulation.

The weaknesses of its self-regulatory powers, highlighted by a series of scandals over the past two and a half years, are outlined in an internal report, published yesterday.

The report, prepared by Sir Henry Fisher, president of Wolfson College, Oxford, and a former High Court judge, together with a working party concludes that substantial changes in the constitution of Lloyd's are necessary to help the institution to cope with its problems.

The powers of the existing 16-strong ruling committee of Lloyd's "are no longer sufficient to enable an efficient system of self-regulation to be conducted at Lloyd's," it states.

In a letter to the 18,552 members of Lloyd's, Mr. Peter Green, Lloyd's chairman, has said that to carry out the recommendations of the 200-page report "we will strive to present a Bill to Parliament by the end of November. Failure to do so will result in a delay of 12 months."

He has told members that before the Bill is submitted, a rare extraordinary general meeting of the membership would have to be called "to discuss its provisions."

Mr. Green said yesterday that it was "a matter of urgency" to get the new Act of Parliament. He added that the market would have to operate for the time being with the old structure of regulatory powers granted under two principal Acts of Parliament of 1871 and 1911 which he described as "archaic and obsolete."

Some of the most sweeping reforms in Lloyd's 300-year history have been recommended by the Fisher working party. They include establishment of a 25-man Council with rule-making powers. Representation on the council will include six members who do not work at Lloyd's.

Main recommendations:

- A new Council of Lloyd's to be formed of 25 members which would make rules and bye-laws.
- Six non-working members of Lloyd's and three outsiders, completely independent of Lloyd's, to serve on the council.
- New disciplinary proceedings with a wide range of penalties, including fines, suspension and expulsion of members.
- Over five years, the shareholding links between Lloyd's insurance brokers and managing agencies, the groups which look after the affairs of underwriting syndicates, should be terminated.
- The rule restricting the ownership of Lloyd's brokers by insurance interests outside the Lloyd's market to a 20 per cent shareholding should be dropped.

Detail, Page 8
Editorial comment, Page 20

£800m long tap sales

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT has tied up a further £800m of gilt-edged funding for its large borrowing needs over the next couple of months following sales of the long-dated tap stock yesterday.

These sales, on top of previous heavy funding, have eased the Government's task in controlling the rate of monetary growth, and hence improved the prospects for a cut in Minimum Lending Rate.

There was, as expected, no change yesterday in MLR and Sir Geoffrey Howe, the Chancellor of the Exchequer, was non-commital about timing when repeatedly pressed on the subject during Commons questions yesterday.

He stressed the Government's intention "to cut interest rates as soon as it is possible to do so, compatible with the proper management of the money supply."

Optimistic speeches on Wednesday about monetary prospects by Sir Geoffrey and Mr Nigel Lawson, the Financial Secretary, have been seen in the City as possibly preparing the way for a decision on MLR in two or three weeks' time. Some Ministers appear kene for a cut before rather than after the Summer holidays and the timing will be determined largely by the mid-June money supply

Continued on Back Page
Parliament Page 10

Consortium to pipe Saudi water

BY ROGER BOYES IN BONN AND JAMES BUCHAN IN LONDON

AN international consortium, led by Bannesmann Anlagenbau the German industrial plant specialist, has won a major $910m contract to lay a water transmission pipeline from the Gulf coast to the Saudi capital, Riyadh.

The consortium also includes a Dutch, French and U.S. company. Mannesmann's share of the work will be worth $340m and the deal is something of a political as well as a financial coup. The Bonn Government has been urging Riyadh to increase radically its trade with Germany

The contract is the last stage in a vast enterprise to head off a critical shortage of water in Riyadh in the 1980s as the very deep reservoirs round the city are depleted. It was awarded by the state-owned Saline Water Conversion Corporation, which last year contracted the building of 10 desalination units at the port of Jubail. Pipe is being supplied by Japanese and Italian companies and a German group including the Mannesmann subsidiary, Mannesmann Handel.

The deal consists of a double pipeline of 1.5 metres diameter and 466 kilometres in length capable of supplying 830,000 cubic meters, and six pumping stations along the route. It was won by the Mannesmann group in competition with two major consortiums led by another West German company, MAN and by GIE of Italy. The other members of the successful consortium are Spie Capag S.A. of France, Williams International of the U.S. and Nacap BV, a subsidiary of the Dutch group, Koninklijke Boskalis Westminster NV. Consultant for the project is the Austrian firm, ILF.

U.S. annual reports 'best in the world'

ANNUAL REPORTS published by large U.S. companies are of consistently higher quality than those of any other nation, according to a survey of 200 annual reports from 20 countries published yesterday by Financial Times Business Information.

But the best individual report is judged to be that of Philips, the Dutch-based electrical group.

The survey shows although U.S. reports are generally superior, the best European reports—including those of the international groups Royal Dutch/Shell and Unilever—put up the best individual showing.

The authors of the survey are Michael Lafferty, banking correspondent of the Financial Times, and David Cairns, a partner in the accounting firm Stoy Hayward.

Details Page 3

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Anderson S'thclyde	82	+ 7
BPC	201	+ 2
Daily Mail A	503	+ 13
Electrocomponents	588	+ 28
Ferranti	595	+ 28
GEC	410	+ 8
Hardys and Hansons	273	+ 5
Highland Distills.	140	+ 4
Johnson Matthey	347	+ 15
Lonrho	101	+ 6
Milford Docks	173	+ 23
Moran (C.)	29	+ 2
Plessey	178	+ 18
Racal Elec.	270	+ 10
Redland	177	+ 7
Renold	70	+ 7
Shaw Carpets	26	+ 2
Stenhouse	84	+ 5
Attock	296	+ 22
Berkeley Ex.	240	+ 38
LASMO	750	+ 15
Ranger Oil	£14¾	+ 1⅛
Allstate Ex.	85	+ 12
Lennard Oil	74	+ 8
Minorco	324	+ 24
RCM	190	+ 30
Simmer and Jack	155	+ 27
Strata Oil	82	+ 16
Valiant Cons.	110	+ 26
FALLS		
Treas. 12pc '84	£97	− $\frac{3}{16}$
Excheq. 13¼pc '96	£98¼	− ¼
Braid Group	23	− 4
Flexello	48	− 14
Foseco Minsep	164	− 9
Gen. Accident	278	− 8
Ibstock Johnsen	62	− 5
Kleinwort Benson	186	− 10
Mothercare	246	− 18
Raybeck	55	− 6
Greenvale Mining	130	− 15

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MUSKIE WARNING ON WEAPONS RACE

NATO renews arms talks offer to Kremlin

BY REGINALD DALE IN ANKARA

THE COUNTRIES of the North Atlantic Treaty Organisation yesterday renewed their offer of a new round of U.S.-led arms control negotiations with the Soviet Union and expressed their regret that Moscow has so far refused to come to the negotiating table without unacceptable preconditions.

At the end of the alliance's spring council meeting here, Mr. Edmund Muskie, the U.S. Secretary of State, warned the Russians that it was not in their interests to start a new arms race as their economy was smaller than that of the U.S.

The U.S. aim appears to be a double one of starting a further round of strategic arms limitation talks (SALT III)—even though SALT II remains unratified by the U.S. Senate, and, at the same time, suggesting to the Soviet Union that the talks will go more smoothly if it withdraws its troops from Afghanistan.

The 15 countries represented here vigorously condemned the Soviet invasion, in similar, if not identical, wording to that used by the seven Western leaders attending the Venice summit earlier this week.

Mr. Muskie said the Soviet army was now "hunkering down" for a two- to three-year stay in Afghanistan. But Moscow perhaps could be persuaded to change its mind—particularly if it attached importance, as it should, to SALT III.

Mr. Muskie: pressing for SALT III

In their final communique, the Ministers called for "a political settlement which must necessarily provide for the total and immediate withdrawal of Soviet forces so as to enable the Afghan people to decide on its future peacefully with complete freedom and without any outside pressure."

The Secretary of State said they had not discussed President Carter's idea that there might be a transitional solution to the Afghan problem. He said, however, that the idea could be defined more precisely if it elicited a favourable response from Moscow. It was a "pragmatic fact" that it would take some time for the Soviet Union to withdraw 120,000 troops from the region.

Ankara has bene rife this week with unconfirmed reports that the West is planning steps to aid what are now known as the freedom fighters in their "liberation struggle." But it is not a subject that anyone wants to discuss publicly. The British team here has simply drawn attention to Lord Carrington's statement that such aids might have to be considered in the future.

As at the Venice summit, the NATO Ministers have rebuffed the Soviet announcement that some units were being withdrawn from Afghanistan. Mr. Muskie described it as a "red herring."

Dr. Joseph Luns, the alliance's secretary-general, said the meeting had allayed fears that had been caused by next week's visit to Moscow by Chancellor Helmut Schmidt of West Germany. The 15 Foreign Ministers have certainly gone out of their way this week to let Moscow know that it cannot split the West by wheedling European Governments away from Washington.

On the Middle East, however, the Ministers agreed to differ. Mr. Muskie turned down a European suggestion that the principle of "self-determination" for the Palestinians be endorsed in the final communique, preferring the phrase "legitimate rights." But the European Community countries made it clear that they stuck to their position as laid down att heir own Venice summit earlier this month. This backed "self-determination" for the first time.

The Ministers also adopted a compromise formula on the Madrid conference later this year to review the 1975 East-West Helsinki Agreements on security and co-operation in Europe. While going along with the French proposal that that meeting should launch further discussions of military measures to reduce East-West tension, they also said that consideration of the proposal at Madrid would be influenced by the extent to which the Soviet Union had lived up to its Helsinki commitments. Most Western government want to take Moscow heavily to task in Madrid, not only for human rights violations but for infringing Helsinki principles by invading Afghanistan.

The countries participating in the alliance's decision to modernise its long-range nuclear missiles in Europe (from which France is absent) were more specific about future arms control negotiations. They called for an early start to SALT III talks in which limits would be negotiated on the new long-range systems.

A number of Ministers, including Lord Carrington, put pressure on M. Charles-Ferdinand Nothomb, the Belgian Foreign Minister, to confirm his country's participation in the scheme. But he wants to choose the right political moment, which will not be until the results of Herr Schmidt's Moscow visit are known. It will help the Belgians to go ahead if Herr Schmidt finds the prospect for negotiations poor.

Portugal backs U.S. on Soviet threat

Portugal and the U.S. yesterday resolved to increase their political and economic co-operation and work towards a more co-ordinated Western response to the threat posed by the Soviet Union, Jimmy Burns reports from Lisbon.

This was the main result of a six-hour official visit to Portugal by President Jimmy Carter, the first by a U.S. chief of state in more than 20 years.

Much as expected, Portugal proved a fitting last-stage for President Carter's eight-day "mission" to Europe. The U.S. President later left Lisbon, with little doubt in his mind about Portugal's firm commitment as a Western ally.

Spain says France is harbouring terrorists

By Our Madrid Correspondent

SPAIN ACCUSED France yesterday of harbouring members of ETA, the militant Basque separatist organisation responsible for this week's terror bombing campaign in Mediteranean coastal resorts.

The accusation was made by Sr. Juan Jose Roson, the Interior Minister, in a lengthy and blunt question-and-answer session with foreign correspondents here.

Commenting on the four bombs which exploded on Wednesday in the holiday resorts of Alicante and Javea, Sr. Rosen said: "We have evidence that the decisions to undertake the present bombing campaign were taken on French territory."

The bombs caused damage but no injuries and were planted by ETA's political-military wing. This group has threatened a campaign of terror to disrupt Spain's tourist industry to force new concessions from the Government that include the release from jail of 18 ETA suspects.

Sr. Roson indicated that a similar campaign conducted this time last year by the "poli-milis" had also been planned in France. "We have evidence in the past that French Basques and French non-Basques have taken part in ETA terrorist activities."

These comments reflect a mounting wave of anti-French sentiment which is being fed by the knowledge that France offers ETA a safe haven and also by France's new hostility to Spain's EEC membership.

This is the most outspoken condemnation of France so far. Sr. Roson accused the French authorities of failing to collaborate with Spanish security forces in their fight against ETA. He regretted, too, that France tolerated the continued payment inside French territory of the "revolutionary tax" by Basque businessmen to ETA.

The Michelin plant in Vitoria was closed yesterday following the assassination, as yet unclaimed, of its chief technical officer on Wednesday. A brief management note said that the safety of its staff and 4,000-strong workforce could not be guaranteed. In May ETA's military wing claimed responsibility for attempting to murder another Michelin executive.

Reuter adds from Biarritz: A powerful bomb went off in the tourist office here early yesterday causing severe damage but no casualties, police said.

European Parliament ready to settle 1980 budget battle

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Parliament appeared ready last night to settle for meagre spoils from its battle to alter the EC's spending priorities this year.

Embarrassed at their relative under-achievement, several MEPs tried instead to shift the Parliament's focus by making threatening noises against the 1981 budget which will be tabled shortly in draft form by the European Commission.

Awareness that they faced a difficult climbdown appears to have prompted a significant number of MEPs to stay away from this special two-day session. This makes it a less than auspicious first meeting in the new £840m building which, against the wishes of the majority of MEPs, Luxembourg wants to establish as one of the Parliament's two regular homes. The other is in Strasbourg.

Assuming the 206 MEPs — a simple majority of the Parliament — remain to vote today, a draft 1980 budget is expected to emerge which differs in only minor respects from the version historically rejected last December. At that time, the new directly - elected Parliament appeared ready to assert its joint authority with the Council of Ministers in determining the shape of Community spending.

Since then, many MEPs have become increasingly worried about the impact on the EEC's policies, particularly in agriculture, of the lack of a properly constituted budget. As a result there is little stomach to continue the fight, not least because there is nothing the Parliament can really do to overturn the recent agreement by the EEC governments to boost farm prices by 5 per cent.

A disappointed Mr. Pieter Dankert, the Dutch rapporteur of the Parliament's budget committee, who helped lead the rebellion, acknowledged yesterday that the revised draft differed little from the original version and that farm spending was continuing to take an inordinate share of the Community's budget resources.

The prospects of M. Gaston Thorn, Luxembourg's Foreign Minister, succeeding Mr. Roy Jenkins as president of the European Commission appear to have improved following private discussions by European Ministers at the NATO meeting in Ankara, writes Reginald Dale. Only France is reported to be withholding its endorsement.

It may not be clear after today's vote whether the Parliament's decision will be sufficient for the formal implementation of the 1980 budget because three amendments have good chances of success which the Council of Ministers may be reluctant to accept. They are token restatements of the Parliament's position on non-agricultural spending. Thus MEPs may add just over £10m to the Council's proposed figures for regional, social and other spending. They would also insist on the inclusion in the 1980 budget of the parliament Community's borrowing and lending activities and would commit EEC governments to include the European Development Fund (Third World aid) in the budget from 1984.

Soviet airbus misses its pre-Olympics target date

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION'S wide-bodied airliner, the Ilyushin-86, has missed its June 1 target date for entering service and is given little chance of being commercially operational before the Olympic Games next month.

The 350-seat airliner, which has been troubled with under-powered engines, was due to start regular flights to Sochi on the Black Sea on June 1. But these flights have not been announced and timetables for the second half of the year do not mention the airbus.

The airbus was one of three new aircraft which were supposed to have been introduced by Aeroflot, the state airline, during the 1976-80 five-year plan period. The other two were the supersonic TU-144 and the 120-seat YAK-42.

The IL-86 was perhaps the most important of the new projects because its use on heavily travelled air routes was expected to increase efficiency greatly

The IL-86 engine problem has been known for some time. The Soviet Government began talks with the U.S. General Electric Company and Britain's Rolls-Boyce on engines but never reached agreement.

Third World aid up by barely 2%

BY DAVID WHITE IN PARIS

THE EXTENT to which economic constraints have affected Western aid to the developing world became clear yesterday with publication of figures showing that contributions from the main donor countries increased by barely 2 per cent in real terms last year.

Official aid from members of the Organisation for Economic Co-operation and Development's development assistance committee actually fell in proportion to their Gross National Product, from 0.35 to 0.34 per cent. This is half the level urged by the United Nations.

U.S. aid fell sharply from $5.66bn (£2.4bn) to $4.57bn (£1.96bn) and its contribution to the total dropped from 29 to 20 per cent. Mr. John Lewis, chairman of the committee, said this was largely because U.S. deposits at international agencies had been bunched in 1978 and had to be held back last year because of difficulties in Congress.

The discrepancy had since been partly smoothed out, but the outlook was not bright.

Prospects for aid receivers were dampened further by the UK's commitment to reduce overseas assistance over the next three years and by pauses decided by other governments as part of their austerity programmes. British aid last year increased sharply from $1.46bn to $2.07bn (£888.4m).

High-income developing countries received as big a slice of the $22.3bn aid total as the least developed countries — 13 per cent. Mr. Lewis said this was largely due to political priorities in the French aid programme and to U.S. aid to Israel.

The overall transfer of public and private resources from the development assistance committee group — consisting of 17 countries and the EEC Commission — was little changed last year at $70.4bn, representing a drop in real terms.

Rome mixes reviving draught for Italy's ailing industries

BY PAUL BETTS IN ROME

A PACKAGE of emergency economic measures to help large public and private enterprises in Italy and to support the lira is expected to be approved by the Cabinet in the next few days. The Government's programme to tackle the country's worsening economic problems was outlined recently by Sig. Francesco Cossiga, the Prime Minister, to leaders of the Christian Democrat, Socialist and Republican parties—the three coalition partners.

The Government appears to be ruling out an immediate devaluation, sharing the monetary authorities view that it was a temporary and risky measure, which would not solve longer-term economic problems.

The Bank of Italy has had to intervene recently in support of the lira in the face of a sharp deterioration in the overall balance of payments and a worsening of the trade balance.

To combat inflation, now running at an annual rate of about 20 per cent, and boost industry's shrinking competitiveness, the Government intends to introduce measures to reduce the highly inflationary effects of the country's automatic wage indexation mechanism—the traditional bogey of the Italian economy.

However, these risk setting Sig. Cossiga's administration on a collision course with the unions. Labour leaders have already signalled their strong opposition to any significant change in the system.

The Government hopes, in particular, to isolate the effects of higher oil prices from the basket of goods on which wage index increases are calculated every quarter. Another proposal is to set a ceiling on the quarterly increases in pay.

At the same time, Sig. Cossiga plans to reduce the heavy burden of social benefit charges, which industry pays for workers, by transferring part of it to the state. This would add an estimated L3,000bn (£1.5bn) to public spending which the Government hopes to contain to L40,500bn (£21bn) this year.

An increase in indirect taxation, especially in VAT, is planned to cover this extra public spending and to enable the public sector borrowing requirement to be reduced. On present trends the PSBR is running at about L43,000bn for 1980.

The Government's emergency package is also expected to include specific measures to aid ailing companies in the chemicals, telecommunications, steel and motor industries. The growing financial problems of some big State and private groups in these sectors is causing increasing alarm.

Societa Italiana Resine, the troubled chemicals group, has said it will close all its plants before the end of this month and has claimed it cannot pay the June salaries of its 30,000 workers. Sit-Siemens, the State telecommunications group, has plans to lay off two-thirds of its 30,000 employees after the summer. Fiat, the giam motor group, has threatened to make 15,000 workers redundant in the autumn.

Economic ministers and the monetary authorities have warned unless measures to tackle the structural weaknesses in the economy are approved immediately, the country could face an ecomoic crisis late this year.

However, although the lira is under increasing pressure and there was an overall payments deficit for the first four months of L2,749bn (£1.4bn) compared to a L1,200bn (£615m) surplus a year ago, Italy's net official reserves are still solid.

They stand at more than $40bn now, and tourism is expected to earn another $10bn or so in foreign exchange this summer. Nevertheless the monetary authorities are clearly concerned that the reserves could be drained swiftly later in the year unless the Government intervenes promptly.

Left-wing terrorists staged a spectacular raid on a train near Turin yesterday, Paul Betts writes from Rome. Six men and a woman, who later claimed they belong to the "front line" movement, stopped the train and distributed propaganda leaflets to all the passengers before disappearing in the countryside. A police search failed to catch them.

Cabinet change in Sweden

By William Dullforce in Stockholm

SWEDEN WILL have a new Budget Minister next month at a time when the non-Socialist coalition of Mr. Thorbjörn Fälldin must take some tough economic measures.

Mr. Ingemar Mundebo is leaving at his own request after four years in the job to become governor of Uppsala county. He will be replaced by Mr. Rolf Wirtén, the Labour Minister. Mr. Ingemar Eliasson, Under-Secretary in the Labour Ministry, will take over the labour portfolio.

Demirel forced to put off Turkish entry application

BY METIN MUNIR IN ANKARA

THE TURKISH Prime Minister, Mr. Suleyman Demirel, has been forcedto postpone his decision to make a formal application on Monday for full Turkish membership of the European Community because of problems in Parliament. He now hopes to apply before the end of the year when the domestic political climate is more favourable.

Mr. Demirel is in difficulties because one of the two small parties supporting his minority Government have pulled out.

The main opposition party has moved to exploit this development by tabling a censure motion which comes up for debate in Parliament on Monday, the day Turkey's application was due in Brussels.

Giles Merritt writes from Brussels: The risk that Spain and Portugal might slide back into totalitarianism unless the EEC sticks closely to the negotiating timetable that will bring them into the Community by 1983 was openly emphasised yesterday in Brussels.

Fears that recent French doubts about the effects of enlarging the EEC to 12 members emerged as a key concern among employers and labour representatives from Spain and Portugal at a conference on enlargement held by the EEC Economic and Social Committee.

Sr. J. L. Ceron, of the Spanish employers' confederation, said that the doubts now being raised were confusing Spanish industry. He insisted that the EEC economic and social partners represented at the conference should express their attitude to enlargement unequivocally.

Sr. A. de Carvalho, of Portugal's industry body, urged the EEC to respect the timetable, which he said was vital to resisting a return to totalitarianism. Sr. Manuel Simon, of Spain's UGT union confederation, warned of the same political threat in Spain, and said that the negotiating process had already been delayed by France.

Robert Graham in Madrid reports on the Spanish Government's commitment to membership of the Atlantic Alliance

Madrid opts for the Cold War

THE TWO superpowers have given Spain totally contrary advice on defence policy. This week in Madrid, President Jimmy Carter endorsed Spain's candidature for the North Atlantic Treaty Organisation, supporting its active participation in the "the collective defence of the West." Last autumn Mr Andrei Gromyko, the Soviet Foreign Minister, in the first top-ranking official Soviet visit since the civil war, gave the Spaniards some blunt advice: stay out of the Atlantic Alliance or consider themselves within the range of Soviet missiles.

Mind made up

The Spanish Government has made up its mind which side of the fence it stands. Two weeks ago Sr. Marcelino Oreja, the Foreign Minister, unequivocally announced Spain's intention to join the Atlantic Alliance and proposed that negotiations begin next year. The Government has been flirting with the idea for almost three years, but has persistently refused an open commitment.

Instead, it preferred to let the alliance be merely a plank of party policy. This can be explained partly by the Government's own indecision about the nature and direction of foreign policy, and partly by the extreme political sensitivity of the alliance issue.

In recent history, Spain has not been formally associated with a regional defence alliance. It took no part in the First World War, and though sympathising with Hitler and sending volunteer troops to the Russian front, was neutral during the Second World War. Since 1952 it has had a bilateral defence treaty with the U.S. This was renewed in 1976 and is due to expire in 1981.

Although America has clearly exploited this arrangement in the Atlantic Alliance-Warsaw Pact contest, the Spaniards have never felt openly involved in the Cold War or, for that matter, in European defence as a whole. Unlike the central theatre powers, like Germany, Spain has never felt directly threatened by the Soviet Union

Thus, hiding under the U.S. defence umbrella, and far removed from the Soviet Union, a sense of Spanish neutralism has evolved — encouraged in good measure by the diplomatic isolation imposed on the country by the Franco dictatorship.

Fed into this sense of neutralism since the death of Gen. Franco in 1975 has been the strengthening of Spain's historic ties both with Latin America and the Middle East. King Juan Carlos and Sr Adolfo Suarez, the Prime Minister, have both devoted more energy to resuscitating and cultivating these links than those with Europe

This has happened despite a commitment, accepted by all political parties, that Spain should join the European Community. As a result, Spain has seen itself as an integral part of Europe and European development. But it has also seen itself as a bridge between Europe and Latin America and the Middle East.

The role has appeared both attractive and feasible. For Spain to commit itself to the Atlantic alliance, therefore, is both a major clarification and a sacrifice. It inevitably makes Spain a part of the Western bloc, and removes some of its credentials as an honest broker with the Third World.

For this reason, the main opposition parties, the Socialists and the Communists, reject alliance membership, and are anxious that the matter be put to a referendum. They challenge the Government's right to push the issue through via simple parliamentary majority. Undoubtedly, membership of the alliance is the most divisive foreign policy issue in Spain today

Soured relations

Originally it was thought the Government would not reveal its hand until after the next phase of the European security conference, to be held in Madrid in the autumn, for fear of offending the Russians. One explanation for the accelerated decision is the souring of relations with France over the European Community. This has pushed Spain away from the French thesis of "independence" in defence.

The 1976 agreement provides for the U.S. to use two airbases, at Torrejon, just outside Madrid, and at Saragosso, plus naval facilities and an airfield at Rota, on the Atlantic (by mutual agreement, Rota ceased to be used as a nuclear submarine base last July, although the facilities are still available).

There are also some important, but often secret, facilities for radar monitoring, communications and reconnaissance. All this has been—and still is—effectively incorporated into the global U.S. defence strategy.

The Socialists contend that Spain is better served by a new, more equal, Hispano-American defence treaty. The Government maintains this is an ingenuous argument, because the U.S. need for Spain is in an Atlantic alliance context. It also holds the prospect for greater friction when the U.S. sees its own interests threatened, for instance in the Middle East.

A side argument, now of increasing significance, concerns Gibraltar. The Government accepts— and even wants to link —the solution of its dispute with Britain over sovereignty on the Rock with alliance membership.

Undoubtedly that membership will help towards an acceptable solution. Another advantage of membership would be a guarantee of alliance protection both for the Canary Islands and the two enclaves in North Africa, Ceuta and Melilla.

The Atlantic Alliance would gain greater strategic depth, but would have to contribute substantial funds to help upgrade the Spanish military machine. Spain, with over 320,000 men in the three services and 70,000 more in paramilitary forces, has the fifth-biggest standing army in Europe. But it is ill-equipped. Most of its tanks are still U.S. M-47s and M-48s, now being revamped. It is over two-thirds conscript and is heavily weighted by bureaucracy and high-ranking officers.

President Carter, left, supports Spain's membership of the Atlantic Alliance. But Mr. Gromyko, right, Russia's Foreign Minister, warned Mr. Suarez, centre, Spain's Prime Minister, that Spain may become a target for Soviet missiles.

Gen. Franco may have lavished affection on the armed forces, but he did not lavish money, and for fear of conspiracy kept the command structures weak and divided. Spain spends only 1.6 per cent of gross national product on defence, and under the present circumstances can scarcely afford to devote much more.

But it will be difficult to alter the armed forces' essentially inward-looking mentality in the short term. Under Gen Franco, they performed a double task which was conveniently blurred —defending the fatherland and bolstering the regime. In the four years since Gen. Franco died a major reshuffle has occurred in the higher echelons of the armed forces.

The command structure has been shaken up, officers have been prematurely retired, right-wing extremists have often been removed from sensitive posts, and younger but more "liberal" officers have often been promoted. However, the ethos of the armed forces, enshrined in the new constitution, remains in the last resort a political one: guardians of the spirit and integrity of the nation.

Underlining the armed forces' sensitive political nature is the presence in the Government, officially as first Vice-Premier, of Gen. Guterriez Mellado, who was not elected to office.

Within the armed forces, according to a survey published this month, the generals and brigadiers are most pro-alliance. The younger officers were found less enthusiastic.

The pro-alliance lobby is reported to be strongest in the two most modern arms, the Air Force and the Navy, and weakest in the Army. In a country where the armed forces still play an important political role, their pressure—albeit behind the scenes—could prove decisive on the questions of if and how Spain joins the Atlantic Alliance.

W. German nuclear delay urged

By Roger Boyes in Bonn

WEST GERMANY should not commit itself fully to nuclear power until 1990, according to a major "options" report prepared by an inter-parliamentary committee.

The recommended delay reflected considerable disagreement, especially among the ruling coalition parties, over the ultimate role of nuclear power in the country's energy programme. The three opposition Christian Democrat members of the 15-member commission refused to endorse the report, stressing that a decision in favour of nuclear energy had to be made now, otherwise a serious energy gap would develop.

The commission, which is to present its report to Parliament next week, considered four main strategies, taking into account possible economic developments if nuclear power is used or if the option is taken up and later abandoned when alternative energy sources become more readily available.

The commission makes no formal judgments, but it is clear that nuclear power, at least as a transitional form of energy until the year 2000, will be needed if 2 per cent annual economic growth is to be achieved over the next 20 years.

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ASEAN avoids military pledge over Vietnam

BY DAVID DODWELL IN KUALA LUMPUR

MINISTERS from the five-nation ASEAN group yesterday struck a careful balance between edging towards new military links to counter Vietnamese aggression and leaving the door open for further negotiations with Hanoi.

The final communique at the end of a two-day summit in Kuala Lumpur neither ruled out the value of further dialogue with Vietnam, nor discussed the mooted proposals that ASEAN prepare itself for a co-ordinated military response to Vietnam. Thailand conspicuously avoided asking for more than moral and political support.

Malaysian and Indonesian delegates, traditionally the most eager to keep the door open for discussion with Vietnam, took the initiative in watering down the 23-page ASEAN statement. This was based on the widely held view that the Vietnamese incursion into Thai territory was a limited operation and did not herald a full-scale attack.

Reports from the scene of Monday's fighting on the Thai-Kampuchean border yesterday said that only sporadic gun and mortar fire was heard. However, there was no sign that the more than 2,000 Vietnamese troops dug in along the border had any intention of withdrawing.

One Western diplomat in Bangkok said the Vietnamese had seriously hampered Thai plans to repatriate Khmer refugees who wanted to return to Kampuchea and have effectively halted the free movement of Khmer Rouge guerrillas across long stretches of the border. The Vietnamese were also in a much better position to take military action against "anti-Vietnamese" elements inside Kampuchea, having brought aid distribution across the border to a standstill, said the diplomat.

Meanwhile, the British Foreign Secretary, Lord Carrington has deplored the "violation" by Vietnam of Thailand's territory and called for the withdrawal of all Vietnamese troops from Kampuchea.

● AP adds from Bangkok: Vietnamese Foreign Minister Nguyen Co Thach said in Bangkok that Hanoi's forces would now move against a joint United Nations-Thai repatriation of refugees at the border.

Thach lashed out at Thailand for deliberately provoking the fighting and indicated that Vietnamese forces may have been involved, but claimed Hanoi's troops did not cross into Thai territory. He accused the Thais of intentionally provoking the hostilities to coincide with the ASEAN Foreign Ministers' meeting.

India oil hopes rise with find in Bay of Bengal

BY K. K. SHARMA IN NEW DELHI

HOPES THAT oil will be available for commercial exploitation along the eastern coast of India strengthened with the announcement yesterday by Mr. Veerendra Patil, Minister of Petroleum, that oil has been found in the first exploratory well in the Godavari-Krishna basin in South India.

Oil is flowing at the rate of 600 barrels a day. This is the first time that hydrocarbon-bearing structures have been successfully located offshore in the eastern continental shelf in the Bay of Bengal. The drilling has been done by the Government-owned Oil and Natural Gas Commission.

The Commission has so far found oil offshore only in the western continental shelf where the rich Bombay High Field is at present producing 5m tonnes a year. Plans have been approved to increase the production rate to 12m tonnes by 1982 from Bombay High and adjacent fields.

With the discovery of a new oilfield along the eastern continental shelf, the aim of achieving self-sufficiency comes nearer, since first indications are that the strike is commercial. Another gas-bearing structure has been located in the Andaman Islands in the Bay of Bengal, indicating that hydrocarbons are present in large quantities in various structures in this part of the high seas.

At present, India produces about one-third of her annual consumption of about 30m tonnes, the bulk of it from onshore fields in Assam and Gujarat.

CIA is cautiously optimistic for China

By Tony Walker in Peking

CHINA IS unlikely to attain the status of a front-rank industrial state by the turn of the century, despite its intense efforts to modernise, according to a U.S. Central Intelligence Agency forecast.

The CIA, which is producing some of the best and most detailed work on the Chinese economy, is cautiously optimistic, however, about China's economic prospects.

The agency says that if China's present leadership is able to master the food-population problem, to rectify imbalances in industry and to have begun a full mobilisation of the country's immense resources by the year 2000, they will have done well.

The CIA paper, China: The Continuing Search for a Modernisation Strategy, says that of fundamental importance to Chinese economic development is the need to provide political and social prerequisites for economic modernisation.

New impetus was given to this effort by the consolidation of political power in the hands of Deng Xiaoping and his associates at the Third Plenum of the Communist Party Central Committee in December 1978.

Examining China's short-term prospects, the paper says that the economic policies pursued by the Chinese leadership since December 1978 constitute "an unparalled appeal to the individual interests of the Chinese people."

The forecast points out, however, that competition between free markets and state enterprises is creating tensions in the distribution system. The indiscriminate payment of bonuses is creating problems in enterprises where low increases in productivity do not warrant such payments.

Rising consumer expectations as a result of the new policies were now "a problem of the first magnitude for the Government," the paper adds.

The forecast warns of continuing problems from conservative officials who may be quick to take advantage of any perceived failure of new progressive economic policies.

On balance, however, the CIA is optimistic about short-term prospects. "The odds favour their success because they embody an unprecedently rational approach to China's economic problem."

The CIA predicts that through the 1980s, China will:

● Maintain steady, if unspectacular, increases in grain production and industrial crops, while accelerating the output of non-grain foods, particularly meat products. The Chinese diet will gradually shift from grains towards higher intake of vegetables, edible oils and meat products;

● Reduce the import of agricultural products such as grain and natural fibres which now account for over 20 per cent of the import bill;

● Import more plants, equipment and technology as import costs of foods and fibres decrease;

● Remain adept managers of payments problems despite possible difficulties with balance of payments.

Britain's Africa famine aid tops £6.8m

By James Buxton

BRITISH AID to the famine and refugee problem in North East Africa has now passed £6.8m with a British contribution of £500,000 yesterday, earmarked for the drought-stricken Karamoja area of Northern Uganda.

Drought, often compounded by war, has caused alarming famine and refugee problems in Sudan, Ethiopia, Somalia, Kenya and Uganda. Britain's £500,000 contribution to Karamoja, where some 250,000 people are said to be at risk of starvation, is in addition to previous contributions of £110,000, and the UK share of the EEC's aid to Uganda.

Britain also pledged £850,000 to Sudan at a conference in Khartoum last weekend. Sudan, which has about 500,000 refugees, mainly from Eritrea, sees no alternative but to try to settle refugees in agricultural settlements rather than leaving them in camps.

A further £850,000 is being contributed to Somalia in food aid to provide for the 800,000 refugees who have entered the country from the Somalia-populated Ogaden region of Ethiopia.

Reuter reports from Free town: Morocco's Foreign Minister, Mohamed Boucetta, said yesterday that the "self-proclaimed" Western Sahara Republic was an artificial creation and repeated that his country would leave the Organisation of African Unity (OAU) if it recognised the republic.

Black workers stay out in Cape dispute

BY BERNARD SIMON IN JOHANNESBURG

DESPITE workers' rejection of a 20 per cent wage increase offer, Volkswagen South Africa is reopening its factory today, in an attempt to persuade 3,500 striking black employees to return to work. The factory, at Uitenhage in the Eastern Cape, was closed immediately after the strike began 10 days ago.

Mr. Peter Searle, managing director, said yesterday: "We have good reason to believe that the majority of our workforce are keen to return to work."

Trade unionists doubt, however, whether many workers will return before the next meeting of the Industrial Council, the industry's wage negotiating body.

Volkswagen is relying on two factors to end the strike, which at one point last week had spread to about 12 other companies in the Uitenhage area. First, the Motor Assembly and Rubber Workers union, which represents the workers, has only limited funds to compensate them for the wages they are losing.

Second, workers at nearby Ford and General Motors plants who are covered by the same wage agreement as those at Volkswagen, decided on Wednesday not to join the strike. Although the Ford and GM workers have also rejected the 20 per cent wage offer, they were urged by the union not to walk out immediately.

But if employers at next week's Industrial Council meeting fail to move closer to the workers' demand for a 74 per cent minimum wage increase, "we will consider a walkout," a union organiser said yesterday.

The only other large company still affected by strike action in the Eastern Cape is Goodyear Tyre. Following police action to disperse some 1,000 strikers outside the company's gates on Wednesday, Goodyear began re-hiring workers yesterday.

According to the company, about 200 workers were taken back into service. Those who return will retain most benefits, except attendance bonuses.

An official refused to say whether or not strike leaders would be re-employed. "We're selecting on merit," he said, although some of the workers are not expected to return for some time.

The strikers at Goodyear have so far not managed to negotiate higher wages from the company. A 12.5 per cent pay increase was implemented in May, and the Industrial Council for the rubber industry this week rejected further pay demands.

According to Goodyear, the next wage review will not take place until March 1981.

Reuter adds from Durban: Riot police patrolled the black township of Kwa Mashu near here yesterday after minor unrest, when students at some black schools joined in the two-month-old class boycott by mainly coloured (mixed race) pupils in protest against educational inequality.

Police said they had removed two barricades of burning tyres and there were reports of buses being stoned in the township.

Yesterday was the 25th anniversary of the controversial Freedom Charter inspired by the since outlawed African National Congress (ANC), whose leader, Nelson Mandela, is serving a life sentence.

Zimbabwe raises prices to bolster farmers

BY OUR SALISBURY CORRESPONDENT

MR. ROBERT MUGABE'S Zimbabwe Government yesterday announced sharply increased prices for leading agricultural produce in an effort to boost food output and revive confidence among white farmers. The Minister of Agriculture, Senator Denis Norman, announced a pre-planting price of Z$120 a tonne (£80 per tonne) for maize produced in the 1980-81 season—which is 41 per cent more than in the current season.

This follows announcements earlier in the year that Zimbabwe is importing maize for the first time in many years because of two drought years and a marked reduction in maize plantings, partly attributable to the war situation but largely, farmers say, to the fact that maize had ceased to be a viable crop in many areas.

The 41 per cent jump in the producer price means that farmers will be getting paid almost twice the price paid by the consumer and there will have to be a very substantial maize subsidy in the 1980 budget which will be presented to Parliament on July 24.

Mr. Dennis Norman
"Rises will restore viability to farming"

A government minister forecast last week that at existing maize prices — prior to the increase promised yesterday — there would have to be a subsidy of some Z$13m in 1980/81 (£8.7m), but the increase implies a subsidy of more than Z$42m (£28m).

But financial observers here believe that despite the sharply higher producer price, the price to consumers is unlikely to be raised significantly if at all, as maize is the staple food of the black population and government is likely to resort to substantial subsidies in an effort to contain living costs and inflation.

Zimbabwe's maize consumption is estimated this year at 750,000 tonnes (though this excludes subsistence production for own consumption by peasant producers). Farming sources said the welcome price rise for maize should ensure a substantial improvement in hectares under food cultivation and end the country's current partial dependence on imported wheat which is costing Z$135 a tonne (£90).

Zimbabwe is currently importing 10,000 tonnes monthly at this price. The preplanting price set by the Minister is subject to upward, though not downward, review at the end of the growing season next May.

However, what one farming source described yesterday as "this major push on the food front" will undoubtedly have a beneficial impact on agricultural confidence, though increases in other producer prices were less dramatic.

There is also speculation that the government will consider a financial rescue operation for Zimbabwe's hard-hit tobacco growers in return for a pledge from the industry to at least halve output in the next growing season. This would again be consistent with the food programme since tobacco farmers are also significant meat and maize producers.

Senator Norman told Parliament yesterday that while some of the prices were not as high as farmers had requested, they were "realistic" in the context of the need to restore viability to the industry and encourage levels of production next season which would ensure adequate supplies of maize.

Attempt to move trade focus from S. Africa

By Mark Webster

THE DECISION by nine southern African countries to increase economic co-operation and lessen their dependence on South Africa, was not a "declaration of war" on the Republic, the Tanzanian High Commissioner to London said yesterday.

Mr. Amon Nsekela, chairman of the steering committee of the Southern African Development Co-ordination Conference, said the nine countries would develop a strategy for co-operation within the framework of the Lusaka Declaration which was signed in the Zambian capital in April this year.

The intention of the Lusaka accord, he said, was to create a focus for growth and investment away from South Africa, nine with capital and technical

The nine signatories were Zimbabwe, Mozambique, Angola, Zambia, Tanzania, Botswana, Malawi, Lesotho and Swaziland.

AMERICAN NEWS

A COMMENTARY by Tass, the Soviet news agency, yesterday provided the harshest response yet to recent attempts by the U.S. to open a dialogue on Afghanistan.

President Carter's version of events in Afghanistan was "either a profound and dangerous mistake or a deliberate lie," said Tass. The commentary seemed to indicate that the Kremlin has little interest in negotiating an end to the Soviet occupation of Afghanistan.

This view was reinforced by officials in Whitehall, who maintained that the level of insurgent activity has not increased in the past three or four months, and that the Russians were more relaxed about the military situation than most reports suggested.

In Washington, Mr. Hodding Carter, the State Department spokesman, repeated the U.S. offer to hold talks if Moscow made a serious proposal and signalled willingness to withdraw its troops.

Moscow 'taking initiative' against Afghan insurgents

BY DAVID HOUSEGO

MORE THAN 6,000 Russian troops have left Afghanistan since the weekend, according to British officials. But they believe that the Russians have only withdrawn forces such as anti-aircraft units, tank battalions and surface to surface missiles inappropriate to a counter-insurgency campaign and which are costly to support.

The British do not believe, however, as has been suggested in Washington, that the Russians intend to switch tactics and rely more on light infantry to fight the insurgents. The British also seem to be at odds with Washington over the level of insurgency in the country, maintaining that insurgent activity has not increased over the last three or four months.

The British view is that the Russians are content with their present force levels in the country—estimated at about 85,000 before the withdrawal—and more relaxed about the military situation in the country than most reports have suggested.

The real problem for the Russians, as British analysts see it, is the political difficulty of gaining acceptance for the Babrak Karmal regime and the Soviet presence. This is likely to face them with increasingly difficult choices.

British officials claim that their assessment of the situation on the ground in Afghanistan does not differ from that of the Americans, but the fact remains that the view generally projected in Washington of Russian military difficulties in Afghanistan is at odds with the view projected in Whitehall.

The British believe that the Russians are becoming more experienced in dealing with the insurgents and that their competence will grow as a result of new training programmes. They put Russian casualties at under 5,000, compared to the figure of 8,000 generally quoted in Washington. Insurgent casualties are said to be substantially higher.

In London it is said that the Russians are taking the initiative in much of the fighting against the insurgents. They are not simply responding to insurgent activity but choosing the place and timing of their attacks. Analysts say the Russians do not seem to mind that after their sweeps the insurgents return, as they did after a recent offensive in Pakhtia province.

The Russians are said to have lost a number of helicopters in the fighting—more likely to have been brought down by small arms fire than by missiles.

Moscow suggests Carter lied

BY DAVID SATTER IN MOSCOW

THE SOVIET news agency, Tass, yesterday said the version of events in Afghanistan given by President Jimmy Carter in Europe this week was probably a "deliberate lie" and warned that if the U.S. makes Afghanistan a "springboard for aggression," the Soviet Union could deliver a "fitting rebuff."

The toughly-worded Tass commentary, which comes only three days after a limited Soviet troop withdrawal from Afghanistan, followed an article in the Communist Party newspaper, Pravda, dismissing President Carter's offer to open talks with Moscow to settle the Afghan crisis as interference in Afghanistan's internal affairs.

Tass said Mr. Carter was "spreading deliberately slanderous fabrications" about a "mythical Soviet menace" and Moscow's supposed intention to "force its way through to warm seas."

The commentary said that the decision to withdraw Soviet troops from Afghanistan was made because the Afghan rebels had suffered a "big defeat." The situation in Afghanistan was returning to normal and did not represent a success for the American policy of pressure on the Soviet Union.

Tass said versions of events concerning Afghanistan given by Mr. Carter during his current European tour were "either a profound and dangerous mistake or, more likely, than not, a deliberate lie."

U.S. officials have been stressing American readiness to hold talks with Moscow and help the Kremlin save face. They have acknowledged that the Soviet Union has a legitimate security interest in Afghanistan.

The Tass commentary, however, was the harshest response yet to Mr. Carter's statements and appeared to indicate that the Kremlin has little interest in negotiating an end to the Soviet stay in Afghanistan.

Army threat shadows Bolivia poll

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

TWO EX-PRESIDENTS, Sr. Victor Paz Estenssoro, who is right of centre, and Sr. Hernán Siles Zuazo, the most powerful left-winger, are the front-runners in Sunday's Presidential elections in Bolivia, which will be held amid threats of military takeover if the army is not satisfied with the result.

The poll will be the third attempt to elect a Bolivian President in three years and failing the election of a candidate with an overall majority the choice of a new President will be left to the 157-member Congress, which is also being elected on Sunday.

The military, who attempted a coup d'etat from Santa Cruz earlier this month, are likely to be unhappy if Sr. Siles, leader of the Popular Democratic Union coalition, wins.

Politics in Bolivia have been notorious for their instability since the country emerged as an independent state in the 1820's.

The 1978 poll was set aside because of electoral fraud in favour of General Banzer, the right-wing candidate and incumbent president, who seized power in a military coup in 1971.

The present head of state, Sra. Lidia Gueiler, is not seeking re-election. Sra Gueiler was chosen last November by Congress after the interim President, Sr. Walter Guevara Arze, had been topped out of the presidency by an ambitious army officer, Colonel Alberto Natusch Busch.

On Wednesday night in La Paz, the capital, the election meeting of the Socialist Party candidate, Sr. Marcelo Quiroga Santa, who was oil minister in the Government of General Juan José Torres, which nationalised foreign oil companies in the early 1970s, was disrupted by tear gas bombs.

AT and T row may hit data process Bill

By David Buchan in Washington

A FOUR-YEAR legislative attempt, with backing by the Carter Administration to open the U.S. communications industry to more competition, may founder on a dispute that has broken out this week between a Senate committee and American Telephone and Telegraph, the country's pre-eminent telephone company.

The thorny issue is how to let the telephone company enter the field of data processing, electronic mail and electronic funds transfer—areas where fast advances are being made in Europe and Japan, but which in the U.S. have been closed to AT and T under a 1956 decree.

Legislation, already past a House of Representatives committee, but for the moment stuck in a Senate committee, would lift this barrier. But the difficulty is seen in insuring that AT and T, could not drive smaller companies out of the advanced communications business.

Fresh in legislators' minds is the recent $1.8bn award AT and T for discriminating against a small telephone competitor. In addition, an anti-trust case by the Justice Department dating from 1974 against AT and T is due to come to trial later this year.

Negotiations have been protracted on the legislation because of the desire of Congress and the Administration to secure advance agreement from AT and T, the Bill's chief beneficiary.

However, the phone company is baulking at two features of the Bill: that it must create a separate arms-length subsidiary to operate in data communications, and more particularly the provision in the Senate version that it will still be subject to Government supervision in that new area of business.

Senator Howard Cannon, who chairs the commerce committee that deals with the communications sector, angrily warned this week that the Bill would stay bottled up on Capitol Hill, until AT and T recognised that consumers and competitors must be adequately protected.

Consumer groups yesterday hailed the delay in the Senate as providing a further breathing space to consider the exact effects of the new legislation.

Criticism of the bill has also come from those arguing that it would completely compromise the Justice Department's anti-trust case against AT and T.

It would, for instance, prevent the Government ordering any remedies if it won the case, according to Mr. William Saxbe, the former Attorney-General who launched the 1974 suit and who now represents competitor of AT and T.

Argentina may be facing leaner times, writes Hugh O'Shaughnessy

Roller-coaster ready to dive

THOSE RIDING the Argentine roller-coaster may be called on for a particular display of strong nerves in the months to come.

The economy has shown signs of decelerating fast, few people are sure of what lies on the other slope of the political incline, and inflation, while not as bad as it was two years ago, is still roaring away at a dizzying rate of 118 per cent a year.

Last year's economic growth was magnificently rapid, at 8.5 per cent, but it looks increasingly as though it was a flash in the pan. In 1978 the gross domestic product decreased by 3.4 per cent, and this year even optimistic government spokesmen forecast a growth of only 1 or 2 per cent. As a strong peso makes importing spectacularly easy and the export of some lines hard there could well be a trade deficit of $2bn this year, the first since 1975.

Business confidence has been hit by the severe difficulties some of the country's biggest banks suffered early in the year, after the Banco de Intercambio Regional, the bank with the biggest deposits of any private financial institution, underwent a liquidity crisis.

Bankruptcies last year were more than three times as serious as they had been in 1978. Local manufacturers, used to decades of protection behind high tariffs, began feeling the wind of competition as the Government of Gen. Jorge Videla cut import duties.

Overlying everything is the uncertainty about what happens next in the political arena. In 1976, one group of Argentine soldiers, under Gen. Videla, swept away the remains of a chaotic and increasingly demagogic tradition founded by another Argentine soldier, the late Gen. Juan Domingo Perón, and bundled his widow, President María Estela Perón, out of the presidency.

The military installed Sr. José Alfredo Martínez de Hoz, the cosmopolitan product of a landowning family, as Minister of the Economy, and charged him with putting into effect policies of strict and conservative orthodoxy, dismantling protectionism, giving incentives to agriculture and rebuilding the confidence of foreign lenders and investors in Argentina. The soldiers took care of left-wing guerrillas and most other opposition to the Government.

After a period of depression, Sr. Martínez de Hoz's policies burst into flower in last year's spectacular economic growth. Spokesmen took a pride in referring to the minister as "the Wizard de Hoz." Now, however, the country faces the prospect of his departure and that of Gen. Videla next March, as military politics decree that he move over in favour of Gen. Roberto Viola, the former army chief of staff.

Gen. Viola will have to work out some new *modus vivendi* between the military and civilian politicians as the soldiers realise that they cannot rule the country indefinitely. This transition is likely be difficult and delicate, given that the Argentine in the street is a very politically conscious individual, although not always very sophisticated. Although Gen. Perón left a legacy of political chaos when he died, millions still revere his name in Argentina. They may disagree bitterly among themselves about what he stood for, but many might still unite behind his widow were she ever to leave the confinement she has undergone since she was toppled from power.

What to do with the former President is one of the major political problems facing the armed forces.

How the Peronists and the other victims of military rule can be tempted to accept some sort of return to civilian rule which would give the armed forces what they want, a continuing and constitutionally acknowledged veto on government policies they dislike, is another major puzzle.

Many officers are fearful of a civilian government setting up "new Nurembergs," or tribunals to judge those accused of responsibility for the massive killings of opponents since 1976. According to many reliable estimates, between 10,000 and 20,000 people have been summarily done away with by Gen. Videla's Government.

At the same time, Gen. Viola will have to tackle a more coherent and powerful group of opponents than the Peronists or the bereaved and vengeful.

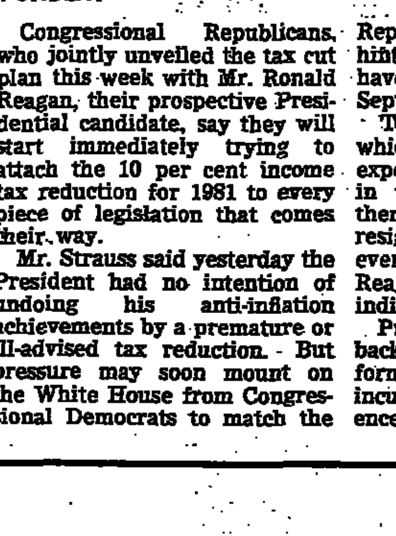
These consist of the partisans of economic nationalism who believe Argentina has no possibility of achieving importance they feel their country merits in the world unless it builds a powerful industrial structure. If that has to be done behind high protective walls, they believe, then these walls must be built.

They point out that the U.S. and Japan both followed that model in the last century. They are aghast at Sr. Martínez de Hoz's tariff cutting policy, the partiality they say he shows to foreign multinationals and the bankruptcies he has caused at home.

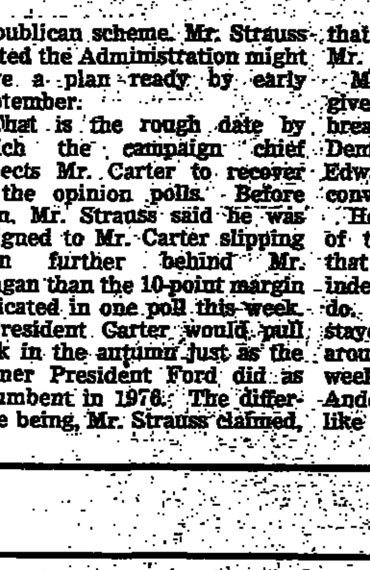
This current of nationalism has powerful proponents among senior officers, many of whom have made careers building up Argentina's own military-industrial complex. These men are at least as keen as Argentina's puny Left or splintered Peronists to put an end to present economic policies. And they are much more capable than the Left or the Peronists of pushing their ideas.

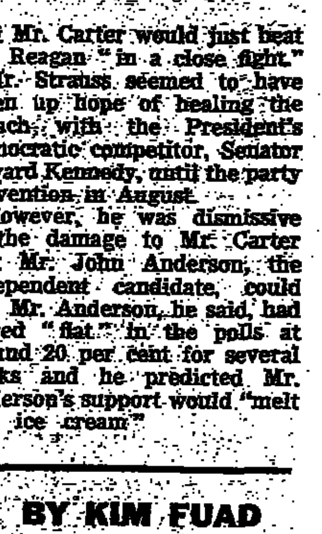
Although Gen. Videla's political and economic policies have much in common with those of Gen. Augusto Pinochet in Chile, the Argentines have been careful not to allow levels of unemployment to rise to the extent they have in Chile, doubtless for fear of union trouble. This has made the task of controlling inflation more difficult for Gen. Videla than for Gen. Pinochet.

And, despite the much-heralded rapprochement between Brazil and Argentina, there is increasing divergency between Gen. Videla's Government and that of Gen. João Figueiredo, who has declared his commitment to liberalisation and the full return of civilian Government.



Gen. Roberto Viola: taking control





Sr. Martínez de Hoz: his policies bore fruit

White House cautious on Reagan tax plan

BY OUR WASHINGTON CORRESPONDENT

THE CARTER Administration will not rush to match this week's Republican call for a $22bn (£9.4bn) personal income tax cut, but will carefully weigh prospects for a tax reduction after the mid-July economic review, Mr. Robert Strauss, President Carter's campaign chairman, predicted yesterday.

Neither political party sees tax cuts taking effect before January 1981 but announcements of future plans are considered an important political sweetener to the electorate in the autumn Presidential election campaign.

Congressional Republicans, who jointly unveiled the tax cut plan this week with Mr. Ronald Reagan, their prospective Presidential candidate, say they will start immediately trying to attach the 10 per cent income tax reduction for 1981 to every piece of legislation that comes their way.

Mr. Strauss said yesterday the President had no intention of undoing his anti-inflation achievements by a premature or ill-advised tax reduction. But pressure may soon mount on the White House from Congressional Democrats to match the Republican scheme. Mr. Strauss hinted the Administration might have a plan ready by early September.

That is the rough date by which the campaign chief expects Mr. Carter to recover in the opinion polls. Before then, Mr. Strauss said he was resigned to Mr. Carter slipping even further behind Mr. Reagan than the 10-point margin indicated in one poll this week.

President Carter would pull back in the autumn just as the former President Ford did as incumbent in 1976. The difference being, Mr. Strauss claimed, that Mr. Carter would just beat Mr. Reagan "in a close fight."

Mr. Strauss seemed to have given up hope of healing the breach with the President's Democratic competitor, Senator Edward Kennedy, until the party convention in August.

However, he was dismissive of the damage to Mr. Carter that Mr. John Anderson, the independent candidate, could do. Mr. Anderson, he said, had stayed "flat" in the polls at around 20 per cent for several weeks and he predicted Mr. Anderson's support would "melt like ice cream."

ENERGY REVIEW: VENEZUELA

BY KIM FUAD

Why prospectors are going up the Orinoco

VENEZUELA, the leading Latin American oil exporter for most of this century, is drafting complex new marketing strategies to maintain its role well into the next century. This will be through its huge potential of heavy crudes.

"If Venezuela wants to continue to be a major exporter, it must develop and market its heavy crudes," says Energy Minister Dr. Humberto Calderon Berti. This means tapping the Orinoco oil belt's resources of between 700bn and three trillion barrels of low gravity, viscous and metals—laden crudes.

The State oil industry has already begun a three-year prospecting effort in the unexplored 42,000 square-kilometre belt running along the northern bank of the Orinoco River. By 1985, Venezuela will have a clearer idea of the belt's resources, says Dr. Berti.

Before then, however, the industry will have begun tapping crude from northern areas of the belt, with a 50,000 barrel per day (b/d) potential expected by 1983, and around 300,000 b/d by the end of the 1980s. The industry has set a goal of 1m b/d potential from the belt by the year 2000.

So far, the Orinoco belt has yielded crude ranging between seven and 18 gravity API, with an average 3.7 per cent sulphur content. Despite high viscosity, reservoir temperatures have allowed a flow of between 50 and 500 b/d, using conventional production methods.

The industry plans to use steam injection to improve recovery, beginning with steam soak and following up with steam drive, with an expectation of achieving between 25 and 30 per cent recovery levels.

Co-ordinating the belt's development is the State's oil monopoly, Petroleos de Venezuela (PDVSA) under Sr. Carlos Borregales.

Dr. Humberto Calderon Berti, Venezuela's Oil Minister.

By the end of this decade, PDVSA expects that it will have a potential of around 300,000 b/d of Orinoco oil, falling into three categories: untreated oil, a mixture of Orinoco and lighter-gravity oil; and upgraded Orinoco oil. The investment to achieve this potential, including parallel infrastructure, is currently estimated at around $8bn.

The major share — about $7bn — will go into a 125,000 b/d producing and upgrading unit which is slated to go on stream in 1988. Lagoven, the state operating company in charge of the project, reports that use of proven technology — delayed coking — should provide a synthetic crude of around 28 gravity API, virtually free of sulphur and metals and with a 45 per cent light products yield in conventional refining plants.

Meneven, another state operator, plans to bring over 100,000 b/d of Orinoco oil on stream before the end of the century, using diluents. It will mix the heavy Orinoco oil of around eight gravity API with a lighter, 27 gravity API, oil from nearby fields to produce a blended 17 gravity API crude, known as Merey. This potential is expected to cost only around £1bn since Meneven has installations near the belt.

Meanwhile, PDVSA's two other operators, Maraven and Corpoven, will explore intensively in the western half of the belt seeking possible deposits of lighter oil on the northern edge. Overall, some 500 exploratory wells will be drilled by the four operators in the three-year effort to quantify resources.

Marketing heavy crudes is no novelty for Venezuela, which has provided oil for special non-energy products such as asphalt and lubricants for years. Now, however, with a steady, irreversible decline in the potential of its half-century-old conventional oil fields, heavier oils must take up the slack.

New finds

Potential in traditional fields is declining at a rate of 20 per cent a year. Intensive drilling and use of secondary recovery, however, has reduced this decline to about 6 or 7 per cent. At the same time, deep drilling in areas adjacent to known fields has produced finds of light oil, which makes up about a quarter of proven reserves of 18.5bn barrels in traditional fields.

Elsewhere, after two years of offshore exploration, the industry has failed to find any major oil deposits, although it has come up with two large natural gas finds. Thus, on the long term, the Orinoco oil belt is fundamental for providing Venezuela with the means to maintain its exporter's role as well as supply growing domestic requirements which are expected to climb to almost 500,000 b/d by 1983. "The belt is the most concrete thing we have," says the Energy Minister.

In addition to the technical challenges of producing, transporting and upgrading the Orinoco oil, PDVSA is now drafting a broad strategy for marketing its heavy crudes on a large scale in the future.

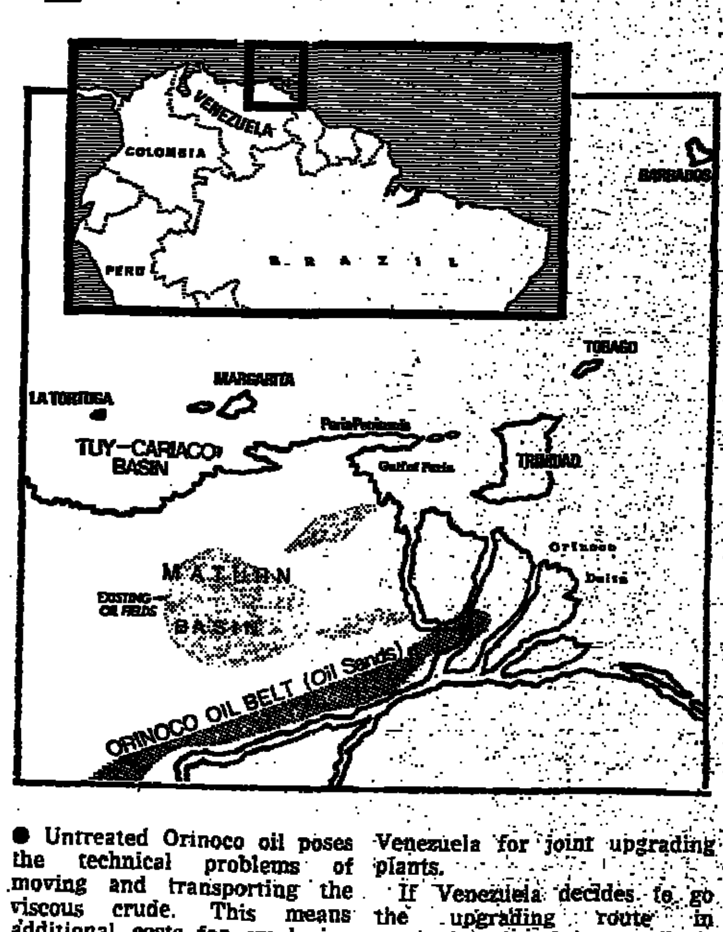
In assessing the outlook, PDVSA international marketing director Sr. Alirio Parra said that options can be divided into three areas:

● Synthetic crudes, which have many advantages, since they are comparable to similar natural light and medium gravity oil. Sale of such crude would allow Venezuela to maintain flexibility in marketing, choosing clients and limiting supply agreements to shorter periods.

Additionally, since the synthetic crudes are virtually free of impurities, they would draw premiums over parallel natural crudes.

● Blended crudes, producing a 17 to 18 gravity API oil from a mixture of heavy Orinoco oil and medium gravity conventional oil, have the advantage of selling at prices superior to the income provided by the separate elements of the blend. The difference is at present around $1 to $2 a barrel.

This price advantage, however, reflects the current wide gap between light and heavy oil prices which should close in the future, making sales of blended oil a short-term option. Moreover, a mixture of heavy and lighter oil is possible on a small scale, but Venezuela's 1m b/d goal of Orinoco oil by the end of the century means that a lighter mixing crude may not be available in suitable quantities at the time.



● Untreated Orinoco oil poses the technical problems of moving and transporting the viscous crude. This means additional costs for employing diluents, such as diesel oil, to move the oil from the fields to Caribbean ports, some 200 miles away, and then removing the diluent. Thereafter, special heated tankers would be needed for international transport.

"Despite these drawbacks, there are enormous possibilities for marketing untreated Orinoco oil," Sr. Parra believes.

The market lay in sales of such crude for upgrading outside of Venezuela, he added, noting that a number of countries, including France and Brazil had expressed interest in reaching agreements with Venezuela for joint upgrading plants.

"If Venezuela decides to go the upgrading route in marketing its Orinoco oil, it must take into account the cost of installing such plants. While it can finance its present plans to upgrade 125,000b/d, it would not be able to pay for the upgrading of 1m b/d. The logical option, according to Sr. Parra, is to sell untreated Orinoco crude for upgrading abroad.

"This is, of course, a major policy decision, comparable to deciding whether to sell only crude oil, or only refined products," notes Sr. Parra, indicating that a final decision has not yet been taken.

One possible way of setting up an upgrading plant for Orinoco oil in consumer countries would be through the initial installation of residual fuel oil and lubricant base capacity, to be followed, some five years later with upgrading facilities. The incentive provided by Venezuela would be a guaranteed supply of crude over a period of 10 to 15 years.

On the other hand, Venezuela has no plans for offering preferential prices for its oil, nor would it guarantee the profitability of such projects which would have to include use of special heated tankers to transport the oil.

[Government sources report that a recent French proposal for a joint upgrading plant, announced while President Luis Herrera Campins was in Paris earlier this year, has run aground due to Venezuelan refusal to offer preferential prices for Orinoco Oil. The French reportedly sought discounts of up to $9 and have now been asked to reformulate their offer to include a 12-month feasibility study as an assurance of their real interest in such a project.]

In the longer term, the profitability of upgrading plants for Orinoco oil in consuming countries is not the prime consideration, according to Venezuela planners, noting the present overwhelming dependence on supplies from the politically unstable Middle East.

In the short term, Orinoco oil would represent only a fraction of supplies for consumers, but in view of the belt's enormous potential, it appears likely that output levels will grow, providing much more than the planned 1m b/d by the end of the century.

"Consumer countries want to get their foot in the door now to make sure they can buy Orinoco oil later," said one Venezuelan technician.

Soviet Union's exports to West rise by 76%

BY DAVID SATTER IN MOSCOW

SOVIET EXPORTS to the West increased in value by 76 per cent during the first quarter of this year compared to the same period in 1979, apparently on the strength of the higher world market prices being paid by Western consumers for Soviet oil.

Figures released by the Soviet foreign trade journal show that Soviet exports to the West, mostly raw materials increased to roubles 3.01bn (£2.08bn) in the first three months of this year from Roubles 1.71bn in the same period of 1979.

Soviet imports of Western products, mostly machinery and equipment, also increased, but only by 28 per cent to Roubles 3.89bn from Roubles 3.03bn in the same period of 1979.

Oil, oil products and natural gas are the Soviet Union's biggest hard currency earners. The Soviets have benefited by continual increases in the OPEC price for oil which is the basis for the price which the Soviets charge their Western customers.

The Soviet Union's first quarter deficit with the West amounted to Roubles 879m, 33 per cent less than the first quarter deficit last year of Roubles 1.32bn. For the Soviets it is one of the best first quarter results of recent years.

The increase in the value of Soviet exports was reflected in a sharp rise in the West's share of Soviet foreign trade to 32 per cent in the first quarter of this year compared to only 28 per cent last year.

The Socialist countries' share of Soviet trade fell to 56 per cent from 61 per cent while that of the Third World increased to 12 per cent from 11 per cent.

Soviet foreign trade turnover as a whole totalled Roubles 21.74bn, a 28 per cent rise over the Roubles 16.94bn total for the same period last year. It was evenly balanced with surpluses in trade with the Socialist and Third World countries making up the deficits in trade with the West.

Among Western countries, West Germany remained the Soviet Union's largest trading partner with total trade of Roubles 1.23bn in the first quarter. France emerged as the Soviet Union's second largest partner with total turnover of Roubles 894m.

The U.S., which has instituted tough economic sanctions against the Soviet Union fell to sixth place among the Soviet Union's western partners behind Japan, Finland and Italy.

EEC acts on E. Bloc alarm clocks

By Our World Trade Staff

THE EUROPEAN Commission has imposed a provisional anti-dumping duty against alarm clocks from the Soviet Union and East Germany.

The move, announced yesterday by the UK Trade Department, follows a dumping investigation initiated by the British Clock and Watch Manufacturers Association. The Association has alleged that mechanical alarm clocks from the Soviet Union, China, Czechoslovakia, East Germany and Hong Kong were being dumped on EEC markets and causing injury to the community industry.

China and Czechoslovakia both have agreed to increase the prices of their exported clocks to make them more compatible with prices charged in Europe. Hong Kong clock producers were not found to be dumping.

The Commission decision means a duty of 85 pence will be applied to external twin bell alarms from East Germany and £1.14 from the Soviet Union, while a duty of 23 pence will be added to other alarm clocks from East Germany and 98 pence to those from the U.S.S.R.

Import penetration in the EEC by dumped clocks rose to more than 36 per cent in 1979 compared with 22 per cent in 1975. Price undercutting varied between 11 per cent and 56 per cent.

PORTUGUESE MINISTER VISITS CHINA

Football diplomacy opens trade door

BY JIMMY BURNS IN LISBON

A TOUR of China early last summer by Sporting, one of Portugal's football clubs, was heralded at the time as signalling a major thaw in Portuguese-Chinese relations.

Appropriately the first anniversary of that exercise in "football diplomacy" will be marked this weekend by the visit to Peking of Sr. Basilio Horta, Portuguese trade minister. His trip is to next week with the expected signing of a trade agreement, pledging major co-operation in the future and giving the Chinese the title of "favoured nation." This will relax Portuguese import duties on certain Chinese products and lead to a generally more flexible relationship between the two countries.

Sr. Horta is the first senior Portuguese Government representative to pay an official visit to China. His arrival in Peking at the head of a mission composed of businessmen drawn from 10 top Portuguese concerns precedes the scheduled trip to China next month by Sr. Francisco Sa Carneiro, the Portuguese Prime Minister. These initiatives underline the growing importance which Portugal's centre-right Government is attaching to this part of the world.

Portuguese trade officials admit that this initiative is being made from a fragile base. Quite apart from the political aspect—China continues to have an engrained suspicion about the influence in post-revolutionary Portuguese politics of Portugal's ardently pro-Soviet orthodox party.

Existing trade between the two countries is tiny. In 1979 Portugal exported Es 58m (£508,000) in goods to China and imported Es 179m (£1.6m). Last year's trade deficit of Es 121m compared with a surplus of Es 70m in 1978.

This reversal is largely attributable to the unexplained decision by the Chinese to discontinue the purchase of Portuguese manganese.

Nevertheless trade officials in Lisbon are optimistic that the establishment of diplomatic relations with China last February, coupled with the general opening to foreign investment being made by the Chinese, is bound to strengthen trade links.

One of the more aggressive initiatives has been made by Sr. Guedes Da Silva, a leading Portuguese entrepreneur who previously had wide business interests in Portuguees colonial Africa.

Sr. Da Silva has made several trips to China over the past year and describes opportunities for Portuguese companies as "considerable." His own company, Sociedad Comercial de Resinas, is on the verge of completing a contract for the manufacture of synthetic rubber in China.

Sr. Guedes says that he expects the plant to go on stream by April, 1981, and to produce up to 6,000 tonnes per year. The contract will almost certainly be a joint venture agreement.

Quimigal, Portugal's State-owned chemical company, is another enterprise that has penetrated the Chinese market. In April it signed an Es 52m contract for the export this year of 1,000 tonnes of aneline oil. The company is hoping to increase this to 5,000 tonnes per annum over the next three years.

The state-owned beer concern Central de Cervejas, has already held talks with Dutch-owned Heineken and is believed close to a joint agreement for the building of a new beer plant in China.

It is significant that Sr. Horta's mission will move on to Macao after Peking. Portuguese officials believe that they have potentially an advantage over some of their European counterparts in their future relations with China because of the considerable political control which Portugal still exercises in this semi-autonomous enclave on the Chinese mainland.

Until now, Macao's prosperity has been largely due to a generous portion of gambling, drug peddling, and prostitution along with a more respectable and successful trade in textiles, and, to a lesser extent, in tourism.

Nevertheless Portuguese officials believe that it is poised on the edge of a major industrial take-off which, over the next 15 years, could put this enclave on a par with Hong Kong. There are increasing signs that Hong Kong's saturation is causing business to move across the waters.

An idea of the kind of industrial expansion that could take place in Macao over the next few years is provided by a feasibility study commissioned by Gen. Melo Egidio, the Macao Governor. It was completed earlier this year by a team of Portuguese experts led by Sr. Walter Marques of the Bank of Portugal.

The study, which has reportedly met with the approval of Chinese and Hong Kong officials, envisages a $1bn investment in the development of Macao's infrastructures.

A telecommunications system linking Macao with Hong Kong, China and the rest of the world will probably be entrusted to Cable and Wireless of Hong Kong. But Portuguese companies, including Lisnave, the ship repairers and Sorefame, the engineers, are pressing hard for involvement in the second and third phases of the development scheme—the building of an airport and of a harbour.

Peking to call for bids to develop offshore oil

BY COLINA MACDOUGALL

CHINA HAS announced plans for a wide-ranging programme of co-operation with foreign oil companies to speed the development of its oil and gas resources. The statement, announced in Peking by the Xinhau news agency on behalf of the Peking Petroleum Corporation, is indicative of the seriousness of China's commitment to energy development.

Seismic survey work in seven out of the eight offshore areas in hand since May, 1973, by foreign companies is now complete, the statement said, and the geological data suggests possible big oil and gas reserves. Active preparations for exploration are now under way.

Invitations for bids from foreign companies for formal prospecting and exploitation are expected by the end of this year or in the first half of 1981. The companies will be notified when the time is decided.

British Petroleum is currently discussing survey findings in London with a team from the Petroleum Corporation headed by Mr. Song Zhenming, the Oil Minister. The hope is that its successful co-operation with the Chinese so far will enable it to conclude a deal for the next stage.

Terms for future contracts remain to be worked out. The Chinese statement confirmed that such terms would not necesarily be the same as those already signed with the Japanese and the French for exploration in the Bohai and the Beibu Gulfs. These contracts provide for joint investment and joint coverage of risks, with China taking a fixed percentage of revenue after which costs and interest on investment are to be paid.

China may also ask foreigners to participate in joint oil exploration on land, the statement said. Foreign companies have studied basins in Xinjiang, Gansu, Ningxia and Qinghai in the far west, in Shaanxi in the north west, Sichuan in the southwest and Jiangsu in central Chinav.

However, joint onshore development is likely to be much further off than offshore co-operation since the lack of infrastructure and the possibility of political risk add to the existing complexities of setting up joint ventures with China.

Sue Cameron adds: Estimates of China's offshore oil reserves have been put as high as 100bn barrels, though more cautious forecasters suggest the figure will be nearer to 30bn barrels of economically recoverable reserves. The major oil companies are anxious that they should obtain supplies of crude from the Chinese as part of any exploration and production deals they may do. The major companies stress that they do not want to operate as mere contractors in Chinese waters.

Mexico buys Cuba sugar but oil barter ruled out

BY HUGH O'SHAUGHNESSY

MEXICO has bought 400,000 tons of raw sugar from Cuba and further sales could be made on barter terms. But Cuban officials have ruled out the bartering of Cuban sugar against Mexican oil as Cuba receives oil at extremely subsidised prices from the USSR.

The bargain price of Soviet oil was estimated by U.S. sources in 1977 at $7.40 per barrel compared with the then world price of $12.50. The U.S. estimated that Cuba was to be supplied with 9.6m tons of oil in 1979 and 10m tons this year. Cuba was thought to be receiving oil at prices well below those charged to Eastern European countries.

President José López Portillo of Mexico is expected in Havana at the end of next month when further barter arrangements between the two countries are likely to be worked out.

In 1978 the Soviets were buying Cuban sugar at an estimated price of 40 U.S. cents per pound compared with the then free market price of 8 cents per pound. Since then world sugar prices have substantially risen and currently stand at more than 30 U.S. cents per pound.

As the Cuban sugar crop has been hit by disease this year's output has been estimated by diplomats in Havana at between 6.4m and 6.8 tons.

Meanwhile a top Mexican oil official said earlier this week that his nation will sell oil only to those who are willing to help Mexico join the industrialised world.

Sharp rise seen in UK trade with Iraq

By Robert Cockburn in Baghdad and Simon Henderson in London

CONSIDERABLE optimism for increased trade between Britain and Iraq is being expressed both by businessmen and diplomats. The basis for this is Iraq's new position following the Iranian revolution as the Middle East's second largest oil exporter after Saudi Arabia, and the increased expenditure by the Baghdad Government which is finishing off one five-year plan and about to start another.

The latest study by Midland Bank International in its "Spotlight" series describes Iraq as the most promising of the major oil-producing countries and says prospects for British exporters to Iraq are judged to be very good. The 50 per cent increased spending by the Iraqi Government is expected to benefit most sectors of the economy. Although the opportunities are varied, emphasis is expected to continue on capital goods, contract work and on consultancy services.

In Baghdad the market potential is described as "phenomenal" with British exports expected to increase from last year's £201m to more than £500m in 1982. The International Trade Fair to be held there in October has been oversubscribed by British companies by more than 50 per cent.

Diplomatic relations between London and Baghdad appear to have recovered from the difficulties following the expulsion of 11 Iraqi diplomats and officials from Britain in July 1978, mainly as a result of visits by a succession of British ministers last year. For a time though there had been a virtual embargo on British trade with Iraq.

Diplomats in Baghdad say that Western industrialised countries are gaining some of the favour previously shown to Eastern bloc countries. But competition between Western countries themselves is stiff. British companies have to compete against Japanese, Italians and West Germans.

Korea minister visits Britain

By Our World Trade Staff

MR. WOUN GIE KIM, South Korea's Deputy Prime Minister and Minister of Economic Planning, arives in Britain tomorrow for a series of talks on economic and bilateral trade issues including aviation and shipping.

During his visit, which ends on July 2, he will meet Mr. John Nott, the Trade Secretary; Sir Geoffrey Howe, the Chancellor of the Exchequer; and Mr. David Howell, the Energy Secretary.

UK-South Korean trade has increased in recent years, with exports from Britain rising to £145.3m last year compared with £129.1m the year before. Imports last year were worth £269.7m, up from £214.4m in 1978. Exports in the first four months of this year totalled £34m compared with £46.5m for the same period last year, while imports were worth £98.5m compared with £90.6m.

● The quota of South Korean colour television exports to the U.S. will increase sharply to 435,000 sets for a year beginning July, 1980, and 575,000 for the next year from the current quota of 204,000, Reuter reports from Seoul. It quotes Commerce and Industry Ministry officials as saying agrement was reached at talks between the two countries which ended here earlier this week. The U.S. has assured South Korea all restrictions on South Korean TV exports to the U.S. will be lifted after the two years, the officials added.

Aviation insurers pay out £107m

BY ERIC SHORT

THE AVIATION insurance industry, which is based in London, last year paid out U.S.$250m (£107.02m) on major claims, an increase of 20 per cent on 1978, and more than premiums received for insurance.

The figures included 19 complete jet losses and major partial losses incurred by Western Airlines, Mr. John Hine, president of the International Union of Aviation Insurers, said at its annual meeting in Helsinki recently.

He said the aviation industry had to be prepared to cover an expected loss of three wide-bodied aircraft a year. Claims cost as much as U.S.$70m per aircraft. There were two such losses in both 1979 and 1978.

Mr. Hine said the loss of two satellites last year, one of which disappeared in space, costing U.S.$90m in claims. This was more than insurers had received in premiums since they first accepted such insurance risks.

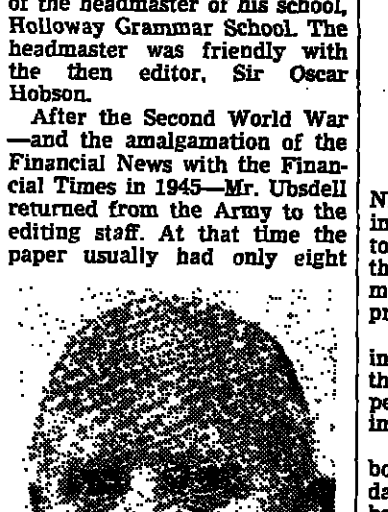
Dr. A. Bai, chairman of the union's technical committee, said an analysis of premiums and losses for 80 airlines showed a loss ratio in 1979 of about 150 per cent. Insurers were paying out 50 per cent more in claims than they received in premiums. The net underwriting loss to aviation insurers could be as high as US.$200m in 1979.

Night editor of FT retires

MR. CYRIL UBSDELL, night editor and an assistant editor of the Financial Times, retired yesterday after 47 years with the paper.

He joined the former Financial News as a member of the markets staff at the suggestion of the headmaster of his school, Holloway Grammar School. The headmaster was friendly with the then editor, Sir Oscar Hobson.

After the Second World War—and the amalgamation of the Financial News with the Financial Times in 1945—Mr. Ubsdell returned from the Army to the editing staff. At that time the paper usually had only eight



Cyril Ubsdell: retiring after 47 years

pages because of newsprint restrictions. By the mid-1950s it doubled in size and 48-page issues—the present maximum—were introduced in the mid-1960s.

In this period of rapid expansion Mr. Ubsdell was responsible at first for sub-editing the paper's Parliamentary coverage. He subsequently became chief sub-editor, a post he held until 1967 when he was appointed night editor.

In this role he was responsible for the paper's sub-editing and news presentation as well as for its response to events after the editor's departure from the office in the early evening.

Five years later he was appointed an assistant editor in overall control of the paper's editorial production. Under his guidance in the following years computerised photosetting technology was introduced to the paper, initially for the Share Information Service and subsequently for the unit trust prices and FT-Actuaries indices.

For the past two years he has been closely involved in planning and implementing changes at the Financial Times in London to enable the international edition to be published simultaneously in Frankfurt.

Toymaker plans Irish factory

SPIRALUX of Edenbridge, Kent, is to start a £2m subsidiary factory at Skibbereen, Co. Cork, to manufacture a new range of "Lilliput" plastic toys.

The company said yesterday it had agreed plans with the Republic of Ireland's Industrial Development Authority to start production, employing 125, within three years. Most of the toys will be exported.

Growing effects of recession

Sharp reduction in industry stocks

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE REDUCTION in industry's stocks in the first three months of his year was much larger than expected. In manufacturing it was the biggest in any quarter since figures were first collected in 1955.

Department of Industry figures published yesterday show manufacturers' stocks fell £465m (at constant 1975 prices, seasonally adjusted) between the ends of December and March.

This is a fall of £95m more than provisionally estimated last month.

The largest fall was in stocks of materials and fuel, down £194m, mainly because of lower steel stocks held by the engineering industry and oil stocks held by chemical companies.

Work in progress is estimated to have fallen £161m, almost entirely because of widespread de-stocking in the engineering sector. Stocks of finished goods which, before seasonal adjustment, are normally expected to rise in this quarter, fell by £110m.

The large fall in the stocks of engineering companies, partly because of the steel strike, is equivalent to about 3 per cent of its opening level.

Stocks of wholesalers and retailers also fell—£83m and £96m respectively—with the result that the physical level of industry's stocks fell £644m between December and March.

This fall suggests companies have been responding faster than previously thought to the easing of demand and current liquidity pressures. The fall follows a rise in stocks of £784m last year.

Capital spending seems to have been more resilient than stock levels. The revised estimate shows the volume of fixed investment of manufacturing, distributive and service industries in the first three months of the year was £2.27bn at constant 1975 prices, seasonally adjusted.

This represents an upward revision compared with the provisional estimate. Spending in the first quarter was fractionally lower than the £2.28bn total in the previous three months.

The sharpest fall has been in manufacturing where investment in the first quarter of £925m was about 3 per cent lower than in the previous three months. In the six months to March, spending was 2 per cent down on the previous half-year.

The Department of Industry said yesterday: "Although the effect of the steel strike is still uncertain, particularly in the steel industry itself, it seems clear that the trend in the volume of investment has entered the predicted downturn."

The department's last intentions survey indicated a fall in manufacturing investment this year to 8 to 12 per cent below the 1979 level with the likelihood of a further fall next year.

The detailed breakdown shows that in the six months to March compared with the previous half year the volume of investment rose about 2 per cent for the coal and petroleum products and the paper, printing and publishing industry groups.

There were falls in investment in the iron and steel industry and in the vehicles, textile, clothing and leather sectors (down 8 per cent).

Spending by the drink and tobacco and the instrument and electrical engineering group fell about 5 per cent.

The manufacturing figures as usually defined understate the sector's level of spending because of the sharp growth in leasing activity. Since assets are classified by ownership leasing is included under service industries. For instance, manufacturing investment on the usual basis was £3.86bn last year but was £4.3bn if leased assets are added back.

Machine tool sector orders show serious fall

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE AMOUNT of work on try has fallen considerably hand in the engineering indussince the beginning of the year, and the situation in the machine tool industry in particular is looking quite serious.

Official figures published yesterday in British Business show that sales of engineering products exceeded the intake of new orders by a substantial amount in the first three months of 1980, leading to a decline of about 2½ per cent in the level of orders-on-hand.

New orders from the home market have been particularly disappointing, the level in March (the latest available month) being the lowest since June 1978 on a trend estimates basis. The March survey, carried out by the Department of Industry, covers the electrical, mechanical and instrument engineering industries.

Figures for the machine tool industry, also published in British Business, show that a poor inflow of new orders at a time when there are signs of a downturn in sales is leading to a serious contraction in the level of orders-on-hand.

New orders fell by 11 per cent between December and March on an estimated trend basis, the position as far as export orders are concerned being particularly serious. The level fell by 23.5 per cent over the three months.

Insurance funds' investment decreases in first quarter

BY CHRISTINE MOIR

NET INVESTMENT by general insurance funds fell from £93m to £59m in the first quarter of the year as institutional investment profiles varied surprisingly.

Long-term insurance funds invested £1.124bn, slightly less than the previous quarter; but pension funds increased their investment by £60m to £632m.

Long-term insurance funds bought £118m net of short-dated gilts, whereas they had been net sellers of shorts all last year. By contrast they sold out of £190m net of medium-dated stocks. Long-dated stocks found most favour and here the funds acquired a net £670m.

Equities were also attractive and the insurance companies placed £238m net in this sector, higher than any quarter since the £302m invested in the second quarter last year. This was a substantially higher amount than any time in the past five years.

Private sector pension funds continued to add to their gilt-edged portfolios. Government stocks amounted to nearly half their overall net investment in securities in the quarter. Like the insurance companies they sold medium-dated gilts in favour of shorts (attracting £39m of new money) and longs (£266m extra).

Equities attracted £243m, almost exactly the same as in the previous quarter. Of this, £130m went into foreign companies' shares. The insurance funds placed 75 per cent of their new equities money in UK companies.

Property investments by both groups accounted for £2.46m overall.

Rate burden excessive—CBI

BUSINESSMEN ARE being urged by the Confederation of British Industry to stand in local elections and, once elected, to use their influence to prevent excessive increases in commercial and industrial rates.

Mr. Bryan Rigby, deputy director general of the CBI, said it was vital that industrialists should get involved in the running of local authorities.

"A man who is good for his company would also be good for his local authority. Local authorities are now facing problems with which industry has been grappling for years.

"Members are becoming more and more concerned about high local government expenditure and the inevitable and excessive increases in the burden of rates on business. The most effective way of dealing with this is to improve the contact between businessmen and local authorities. They have a mutual interest in the success of their local economy."

The CBI is convinced that industry no longe has the profits to finance large rate rises. Business rates will contribute about £4bn, or nearly half, of the total annual rate bill in 1980-81. There is no rate relief for industrial commercial ratepayers; nor are they entitled to a vote in the local elections.

Mr. Rigby said further rate rises would mean money used to pay the bill would not be available for investment and, inevitably, jobs would be lost.

In addition to urging businessmen to become councillos, the CBI is mounting a regional campaign against rising rate levels.

The south western and Gloucesteshire regions have already formed action committees. In Dorset the south westen group has been buying full page newspaper advertisements explaining the CBI view on the relation between rates and jobs and inflation.

The Doset campaign calls for a 5 per cent cut in 1980-81 expenditure, rate increases next year below the rate of inflation, more representatives of industy in next year's county council elections, and local authority wage settlements linked to increased productivity.

The Dorset county rate increase for 1980-81 was 23.86 per cent. Mr. Michael Goodie, managing directo of Shand Kydd, at Christchurch, said the new county rate added £39,450 to his company's £187,000 rate bill.

Mr. Douglas Smith, chairman of Hamworthy Engineering, Poole, and chairman of the regional CBI rates liaison group, said it was no longer tolerable thta more should be demanded in rates from industry when it was finding it harder to compete.

"Councillors and their officers must face the reality that we can only have the standard of local government we can afford. If companies in the private sector put up prices by 23.86 per cent in one year it would end in bankruptcy."

Crown loses coins claim

A hoard of 7,800 Roman coins, worth between £15,000 and £20,000, belongs to the owners of the land on which it was found and not to the Crown, a High Court judge ruled yesterday.

The Crown's prerogative right to claim "treasure trove" was limited to gold and silver objects, said Mr. Justice Dillon.

The coins, minted between AD 260 and AD 280, when the Roman Empire was suffering from inflation, had a low silver content—between 0.2 per cent and 5.82 per cent—and were therefore not silver coins, the judge said.

He said that until recently the Crown had accepted that only gold or silver articles could be treasure trove; now it sought to widen the definition to include coins of any metal.

But the Crown could not unilaterally extend prerogative rights; that was a matter for Parliament.

Treasure trove had once been used to defray the State's running costs, but for the past 100 years the Crown's right had been used as a means of preserving interesting antiquities for the benefit of the nation.

The coins were found on a Lincolnshire farm. After a coroner's court ruled that they were treasure trove the Crown sought a definitive ruling from the High Court. They have been held by the British Museum pending yesterday's decision.

Rolls-Royce recall of cars in U.S.

ABOUT 6,000 Rolls-Royce cars sold in the U.S. between 1975 and April this year are being recalled to replace potentially defective brake hoses. In Japan 234 cars are being recalled for the same reason. But Rolls-Royce said in London yesterday that British cars were not affected.

The recall arises because Japanese and U.S. models are fitted with catalytic converters to meet tough exhaust emission standards in both these countries.

The converters generate considerable heat, raising the temperature in the engine compartment and the vicinity of the exhaust system to a level which could cause hoses to deteriorate. The recall was a precautionary measure undertaken voluntarily by the company, Rolls-Royce said.

Cheaper lending

The five clearing banks were yesterday asked, by the Institute of Directors, to consider reducing interest rates on loans made to small businesses. Mr. Walter Goldsmith, direcor-general of the Institute, has written to the banks and to the Committee of London Clearing Banks asking them to consider a reduction in the number of points above Minimum Lending Rate at which loans are charged to small and medium-sized business clients until interest rates generally show a distinct fall. He was making this suggestion to Midland Bank, Lloyds, Barclays, National Westminster and William and Glyns because of concern that some businesses might not survive.

Social money

Money, not just expressions of good intent, must be poured into jobs, housing and social services, if further outbreaks of violence among young blacks are to be avoided, the Commission for Racial Equality said yesterday. Its annual report warned that if money was not made available, "small incidents may well lead to further outbreaks of violence, particularly on the part of frustrated black youngsters."

Probe promised into car servicing and repairs

BY JOHN GRIFFITHS

THE Office of Fair Trading (OFT) is to launch an investigation into car servicing and repairs. It is expected to start at the end of July, immediately after publication of the results of another OFT inquiry into new and used car sales.

The investigations amount to one more turn of the screw on a motor trade which is already under considerable pressure to put its house in greater order.

Last year, the OFT received 50,400 complaints about used car sales and 8,400 concerning new ones.

Complaints about repairs and servicing totalled 17,400—up from 14,800 in 1977—and the OFT says it is in this area that complaints are growing fastest.

Mr. Gordon Borrie, the Director-General of the OFT, has already warned that he might ask the Department of Trade to introduce legislation on new and used car sales, repairs and servicing unless the motor trade's code of practice is made to work more effectively.

This code was drawn up four years ago between the Society of Motor Manufacturers and Traders, the Motor Agents' Association, the Vehicle Builders' and Repairers' Association and the OFT.

The code is now being reviewed, partly as the result of OFT surveys. The latest of these, covering 300 garages which are all trade association members, found that only 40 per cent of the garages always offered an estimate for repairs. Five per cent failed to guarantee workmanship and materials, and 31 per cent disclaimed legal liability for loss or damage.

All were in contravention of the code of practice, which led Mr. Borrie to warn that the motor trade would remain a prime area of concern for his office. "I make no apology for stating that a great deal needs to be done if a truly satisfactory performance is to be achieved." he said.

Salt has been rubbed into the trade's wounds with the publication this week of an Automobile Association report in its "Drive" magazine alleging irregularities and incompetence among vehicle repairers. The AA took a damaged Ford Fiesta around to 20 repairers and received estimates between £276 plus parts to a £2,225 write-off. Unless something drastic was done about the "vehicle repairs jungle," it warned, insurance premiums for already hard-pressed motorists would go through the roof.

Yesterday the AA report was described by Mr. John Boast, the Motor Agents' Association's deputy director-general as "two-faced and farcical." Of the 20 repairers, the AA had said nine were MAA members and 12 were in the Vehicle Builders' and Repairers' Association. What the AA hadn't pointed out, Mr. Boast claimed, was that two of the poorer estimates were from non-trade association members, and that they were AA approved.

The trade associations have indicated that they will welcome the OFT's investigation believing they will receive a fairer hearing than has emerged from what was being called yesterday "the less responsible reports of the self-appointed arbiters of the trade's performance."

The associations represent some 60 or 70 per cent of the 25,000 repair and sales outlets in Britain, and argue that 90 per cent of complaints relate to traders operating outside of the associations and their code of practice. They also say it is the very existence of complaints procedures which is producing more complaints.

One measure of the public's view of the servicing trade may be found in the statistics for do-it-yourself activity. The value of replacement parts sold in the UK last year was £1bn, and nearly half of this was in the DIY market. Squeezed by rising garage bills and fuel costs, nine out of 10 motorists now carry out some form of maintenance. By 1985 the DIY parts market is expected to be worth £600m at current prices.

The price of parts themselves rose by 23.8 per cent last year. But the biggest increase was in garage labour rates: these rose 31.2 per cent.

Government not planning mortgage system change

BY CHRISTINE MOIR

THE GOVERNMENT is not planning either to force the building societies to abolish their recommended rate system, or to bring them within the anti-cartel provisions of the Restrictive Practices legislation.

The Wilson committee on the financial institutions recommended in its report published on Wednesday, that the cartel be broken up because it believes the system of recommended rates prevents useful price competition.

But the Building Societies Association immediately pointed out that the system is not rigid, and an increasing number of societies do not follow the recommendations on either mortgage or investment rates.

Their view is supported in Whitehall, and the societies have been reassured that no legislation is planned along the lines of the recommendations on the rates system.

The insurance industry yesterday joined the growing list of organisations reacting to the committee's recommendations on tightening discipline.

Mr. Alan Teal, the director of technical services of the British Insurance Brokers Association, was not enthusiastic about the report's suggestion of formal agreements on insurance commissions.

Statutory control had been unsuccessful in other countries, he said, and the policyholder had paid more for a poorer service.

The British Insurance Association, obviously pleased that the threat of nationalisation has receded, was worried about the vague suggestions that a formal Act should replace the present licensing arrangement under which the Secretary of State for Trade determined who was "fit and proper" to run an insurance company.

The Association said it was not aware of any problems with the existing system, but it hoped there would be full consultation before any changes were proposed.

The Trades Union Congress is clearly disappointed that only a minority of five of the Wilson committee supported its proposals for a £2bn a year investment institution, with funds supplied equally from North Sea revenues and the financial institutions.

Mr. Len Murray, general secretary of the TUC, said yesterday the debate must be kept going. "We are looking for a fruitful relationship between the people who have money and productive industry excluding the public services."

Lord Plowden, chairman of the City's own investing facility, Equity Capital for Industry, was sceptical about the TUC proposal.

He worried how the managers of such a facility would choose the companies or projects which would receive subsidised funds. Companies which failed to obtain such money could arguably claim unfair competition.

Michael Pilch, chairman of the National Association of Pension Funds, said trust law provided enormous protection to pension funds. The funds could not be raided either by parent companies or by governments. He doubted whether a new act would provide such protection.

English rococo furniture realises top prices

THE EARL of Shaftesbury sold furniture from St. Giles House, his Dorset home, at Christie's yesterday and made £558,540. The house is famous for its English furniture in the rococo style. The most important items disposed of came from the St. Giles suite, supplied to the house in the early 1750s. A pair of armchairs sold

SALEROOM

BY ANTONY THORNCROFT

for £36,000 to Partridge, the London dealer, while two sofas made £22,000 each to Phillips and Harris. The Earl has been selling pieces from the suite over many years: in 1953 a sofa realised 1,500 guineas and in 1966 another sold for 3,000 guineas.

The top price yesterday was the £64,000 from Partridge for a pair of early George III giltwood pier glases, while Sellid, a New York dealer, acquired a George II giltwood chandelier for £55,000. Phillips and Harris bought a George II giltwood side-table for £38,000. Also at Christie's a minature of Mary Seymour by Isabey went for £16,000.

Two of the smaller salerooms produced record prices yesterday. At Christie's South Kensington there was a new high for a photograph taken by Julia Margaret Cameron — a print of Philip Stanhope Worsley which made £4,000. At Bonhams, there was a record price of £2,800 paid for a 17th century Italian picture frame carved with cherubs and scrolls. An Einstein manuscript "lost" after the scientist had given it to the Brooklyn Jewish Institute in 1934, was sold for £13,300 at Philip's New York on Wednesday.

May fires cost £34m

BY ERIC SHORT

THE COST of fire damage in Britain last month continued at a high level according to figures issued yesterday by the British Insurance Association. These showed that fire damage for May amounted to £34m. This was £4.6m lower than April but nearly £10m higher than in May last year.

This brought total fire damage for the first five months of this year to £234.8m, over £100m—or 75 per cent—higher than for the corresponding peroid last year.

The figure for 1980 has been affected by the fire in January at the British Aircraft Corporation's warehouse at Weybridge costing £72.5m—the largest single fire damage in the UK. But even if this damage is excluded, fire costs so far this year are over 20 per cent above those for 1979.

The figures for May were affected by four major fires where damage exceeded £1m and by a further 14 fires where damage exceeded £250,000, including two large fires at schools in Scotland.

King Billie despatches youthful pretender

BEFORE the monsoons came at Wimbledon yesterday it was proving an occasion for age and experience, with Billie Jean King, 36, and Betty Stove, only a year younger, both overturning 20-year-old opponents to reach the third round of the women's singles.

Mrs. King has lost a set, but never a match, to the Texan Anne Smith and it rarely appeared that Miss Smith would interrupt this dismal sequence as she went out on centre court 6—3, 7—6 in an hour and 16 minutes.

It was a disappointing contest mainly because both players committed many errors. Miss Smith was particularly errant on her service, littering her game with double faults.

There were five breaks of service in the first set which Mrs. King captured in 32 minutes and when she led 3—1 in the second set the match seemed as good as over. But to her credit Miss Smith kept plugging away, broke back to level at 3—3 and then lead 5—4 where Mrs. King, the six-time singles champion at Wimbledon, had to produce one of her best back-hand volleys to save a set point.

Two games later, the girl from Dallas had another set point but once again was frustrated by a fine King backhand volley. It was the last opportunity she was permitted.

Mrs. King sailed through the tiebreak and was able to afford to squander two match points before wrapping things up with another crisp volley, this time on the forehand.

Afterwards irrepresible as ever, Mrs. King was asked how much longer she intends to carry on playing. "People have been asking me when I was going to quit ever since I was 23," she said. "I am 36 now and still love it here. Even walking out on court is a privilege. I feel fitter this year than last and much calmer too."

Mis Stove was never in trouble against Britain's third

another living legend from the U.S., who, at the ripe old age of 27, was altogether too powerful and purposeful for Sherwood Stewart who also hails from Texas.

Connors reeled off the first nine games allowing Stewart a

JOHN BARRETT at Wimbledon watches two women veterans survive to fight another day, Jimmy Connors in ferocious form, and Mark Cox bowing to the son of a man he played many years ago in the same tournament.

ranked Anne Hobbs after sailing through the first seven games in a row. At least Miss Hobbs made a fight of it after that but the Dutch girl, a finalist in 1977 but not even seeded this year, goes through to meet Evonne Cawley who defeated another Australian Jenny Walker, 6—2, 6—2.

Mrs. King was followed onto

mere 11 points in a 20 minute opening set and bustled to a 6—0, 6—2, 6—1 win in 71 minutes. Connors returns were lethal and poor Stewart must have despaired of seeing his best serves coming back at him almost before they had left his racket.

Connor's confidence matches his sharpness. "Everybody is

centre court by Jimmy Connors, telling me the odds are against me this year," he said. "But the odds have been against me since I was born."

Experience was not much help to the 37-year-old Mark Cox the British Number Two who fell 5—7, 7—5, 7—5, 6—1, to the highly talented Indian Ramesh Krishnan.

Krishnan, who reached Wimbledon via the qualifying tournament and captured the junior title here last year, is only 19. But he has an armoury of flowing elegant strokes, and all he lacks at the moment is the power to round out his game completely.

Cox was the unwitting provider of a link in an era having also played Ramesh's father, Ramanathan Krishnan at Wimbledon.

Another qualifier, New Zealand's Onny Parun, is also through to the Third Round after defeating the second ranked Frenchman Pascal Portes 7—5 6—3 6—4. Portes was a tired victim of the crowded schedule, being forced to play his match only hours after completing a tough five-setter, the previous evening.

The private Italian battle on court one between Andriano Panatta and Corrado Barazzutti, dubbed the grass court championship of Italy, was a protracted affair, between two old friends who know each other's style so well.

Panatta was the eventual winner 1—6 6—3 6—4 3—6 6—1 only minutes before a thunderstorm swept over the ground drenching the majority of the crowd of 31,073 on whom the gates had been closed 20 minutes previously.

Olympics: NBC may claim $78m insurance

By David Lascelles in New York

NBC, the U.S. TV network that was to have covered the Moscow Olympics before President Carter's embargo, plans to claim the full amount under its insurance policy with Lloyd's of London, according to informed sources here.

Given that NBC's total expected outlays under its contract with the Russians are $87m and that the policy covers 90 per cent of that, the ultimate claim against Lloyd's could be as high as $78.3m.

NBC has stated that it will honour its contract with the Rusians. The actual timing of the payment depends on President Carter easing the embargo.

Shipbuilders achieves 'impossible' target

BY JAMES McDONALD

WITH AN order from Shell UK yesterday for three 2,500 deadweight ton coastal tankers, British Shipbuilders has achieved its "impossible" target of 45 merchant ship orders within a year, three months ahead of schedule. The orders represent 429,000 compensated gross register tons (cgrt) and are worth £377.6m.

The Shell orders go to two of British Shipbuilders' smaller yards, Goole Shipbuilding and Repairing and Clelands Shipbuilding, at Wallsend, and will provide work for both yards until the end of 1981.

"The news is a fillip to the entire industry which, in the face of the worst international shipbuilding crisis since the 1930s, set itself an 'impossible' objective for 12 months and has hit it in nine," said British Shipbuilders.

Last September British Shipbuilders, after talks with the trade unions, set out to win 45 orders of 400,000 crgt within a year to stabilise the industry's modernised "core" yards during the crisis, while slimming its manpower and increasing productivity.

Mr. John Parker, the British Shipbuilding board member who spearheaded the marketing drive, said yesterday: "We could not have done it without good sense at every level—from the men who accepted a self-financing 11½ per cent pay deal over 15 months to the designers who worked on producing new ship designs when the market had virtually dried up."

He warned, however, that the industry could not now afford to relax "because worldwide competition is still intense, particularly from the Far East. But so long as the nation is willing to back us through the international crisis, there is today a spirit in shipbuilding to pull through to profit and to growth."

Shell UK's tankers, to be delivered in the second half of next year, will be multi-product carriers of advanced design. The order is worth several million pounds. Mr. J. W. Eckhard, chief executive of both Goole and Clelands yards, said: "Our team has been working for several months on this inquiry."

British Shipbuilders' pleasure at its achievement is marred, however, by the slow appearance of public sector orders promised by the Government.

Amendment planned for Finance Bill

BY TIM DICKSON

LIFE INSURANCE companies and other corporate bodies will be free to invest in the authorised gilt edged unit trusts expected to be launched later this year.

The Government, in an important change of policy has promised to alter a clause in the current Finance Bill which would effectively restrict participation in such funds to individual investors.

The development is significant for individuals making regular savings through a life company. It means they will be able to invest in a tax efficient gilt edged fund and pick up life insurance premium relief in the form of a 21 per cent credit (17.6 per cent from April next year).

UK authorised unit trusts investing in Government securities are unattractive at present because they are taxed as companies and have to pay corporation tax of 52 per cent on their income. Individuals pay at their marginal rate of income tax if they invest directly.

But the Finance Bill provides for funds which deal only in UK fixed interest securities—gilts, debentures, local authority bonds—and which are restricted to individuals or trusts where only individuals are the beneficiaries, to pay tax on their "unfranked" income at the basic rate of 30 per cent.

The legislation marks the end of a long battle by the unit trust industry for the right to market tax efficient fixed interest funds. The life companies, however, have not concealed their disappointment.

The Government has promised to amend Clause 56 to include corporate unitholders when the Bill comes back to the House of Commons for the Report stage. Changes can be made before the Third Reading, after which it goes to the House of Lords and then for Royal Assent.

Mr. Alan Ford, the actuary at Hambro Life, said yesterday the inclusion of corporate investors would allow life companies to use the new gilt funds, but he was not certain the issue was "cut and dried."

Unit trust investors have to pay capital gains tax when realising their investment on gains over £3,000 while individuals who hold gilts for a year and a day are exempt from CGT.

"Each company is going to have to look at its gilts portfolio and analyse the turnover of policyholders' funds. Although internal funds pay corporation tax on their income of 37½ per cent, they do not pay capital gains tax on gilts held for more than a year. Life companies who experienced net redemptions from a gilt unit trust could have a heavy CGT liability."

Struggling Fodens to cut its workforce by 630

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FODENS, one of the three remaining British-owned truck manufacturing groups, is to cut its workforce by one quarter. Employees were told yesterday this would involve 630 forced redundancies by the end of September.

The move has been made as part of a programme to overhaul the company by the new management team under executive chairman Mr. Douglas Paybody, who took over in April this year. It represents a determined effort by Fodens to get its overheads under control.

The action was certainly precipitated by the sharp fall in demand for heavy trucks in the UK in the past couple of months. Last week Fodens went over to three-day working for two months — except for the two-week holiday starting on July 2.

The reduction in the workforce will be felt in all departments, from senior management downwards, in the company which is based at Sandbach in Cheshire.

It follows a cut of 300 last October when Fodens decided gradually to pull out of making its own gearboxes.

The company said the latest major reduction in the workforce was designed to return the company to profits again and provide "a base from which we can take Fodens up again later. We want to show we can be viable — either as an independent British manufacturer or otherwise — in the truck industry."

In the 1978-79 financial year Fodens suffered a pre-tax loss of £562,000 and for the first 28 weeks of the year which ended last March, the loss was £1.7m.

The "overhaul plan" has involved launching a new range of Foden trucks, the S10 which has been well-received. Fodens was the only British truck manufacturer to increase unit sales in the first five months of 1980 compared with last year.

Overheads have also been reduced by cutting stocks in the plant and the move away from gearbox manufacture.

At the same time Fodens has formed a new marketing team to sell its components such as the cab used for the S10, its rubber truck suspension system and front axles.

A streamlined Fodens would make a much more attractive proposition for a potential purchaser looking for a useful truck manufacturing base in the UK. Its modern assembly plant has the capacity to make 120 trucks a wee

Fodens shares slipped 1p to close at 27p last night, valuing the company at £3.76m.

Texan MD for Seddon

INTERNATIONAL Harvester has appointed Mr. Bob Johnson, a 44-year-old Texan, as managing director of its UK truck manufacturing business, Seddon Atkinson. His most recent posting was the Philippines.

He replaces Mr. Barney White who completes a two-year assignment with Seddon this month and returns to IH headquarters in Chicago.

Mr. Johnson takes over when Seddon is feeling the full impact in the fall in demand for heavy trucks in the UK. The company will be working only three days a week until September after the annual holiday this week and next.

But Mr. White is associated with a revival in the fortunes of Seddon, which International Harvester acquired for £10m in 1974. He had the advantage of taking over just after a productivity agreement was reached. This has allowed production to be increased from 3,000 to 5,000 units a year with no increase in the workforce.

Packaging material costs rise

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE COST of packaging materials used in industry has risen sharply according to the latest survey of packaging trade sectors published yesterday.

The survey, prepared by the Siebert/Head consultants and Eurofood magazine, shows UK packaging material prices increased 3 per cent in April—the largest increase for six months.

The biggest increases were in paper and board, which rose 3.9 per cent, and glass, which increased 3.1 per cent in the month.

The annual rate of packaging price inflation, according to the survey, was 19.9 per cent in April. This was an increase of 1.2 per cent on the annual rate in March and continued the steady upward trend in packaging prices which began late last year.

The annual rate of increase was 21.1 per cent for glass, 20.1 per cent for paper and board, 20 per cent for plastic, 17.9 per cent for metal and 18.7 per cent for wood.

A continuing rise in packaging costs will inevitably lead to higher retail prices in the shops. But with the current slump in consumer spending the rise in packaging costs will further reduce the profitability of both retailers and consumer product manufacturers.

Sharp fall in profits for mechanical handling

BY JAMES McDONALD

A SHARP fall in the profitability of many companies in the mechanical handling industry is shown in a survey of the financial results of 27 companies over a two-year period by Inter Company Comparisons.

Of the quoted companies in the survey only 53 per cent increased profits in a 12-month period, compared with 62 per cent returning higher profits in a survey carried out last year. The decline in the number of unquoted companies making higher profits was much more marked: only 39 per cent had higher profits in the present survey, compared with 83 per cent in the 1979 survey.

The survey examines turnover, total assets, current liabilities, profits before tax, payments to directors and finds that most unquoted companies have had a bleak and nervous time.

There has been a gradual erosion of the British market by overseas companies and an increasing willingness for UK customers to buy from abroad, the survey says. "Abolition of exchange controls have not helped in this, and the high value of the pound against other currencies is affecting exports, which are an important consideration for this sector."

"Mechanical Handling" 5th edition, Inter Company Comparisons, 81 City Road, London, EC1. £40.80.

NHS standards set to fall

BY ROBIN PAULEY

STANDARDS IN the National Health Service will fall below the level acceptable to the public if cash limits are not raised, Mr. Bill Darling, chairman of the National Association of Health Authorities in England and Wales, said yesterday.

The present cash limit, which allowed only 14 per cent for inflation, was inadequate. Unless additional funds were provided services would inevitably suffer however much the NHS tried to do its best with the money available, Mr. Darling said at the association's annual conference in London.

He also criticised the Government's proposals for reorganising the NHS as set out in the "Patients First" discussion paper.

It was the second major reorganisation within six years. No public service could give of its best while exposed to that sort of disruption, he said.

Fashion house in liquidation

YUKI, fashion house of the Japanese designer of that name went into voluntary liquidation after a creditors' meeting yesterday.

The London-based company, which includes Mrs. Margaret Thatcher and Barbra Streisand among its clientele, has debts of £205,000 and assets of about £55,000.

Earlier this year Rivington Reed, the Lancashire textile group, disposed of its 52 per cent holding in Yuki which it had acquired in February 1979. Rivington Reed called in the Receivers in May after continued heavy losses, particularly on the carpet side.

Major changes proposed in Lloyd's constitution

THE POWERS of the 16-strong ruling committee of Lloyd's of London, the insurance market backed by private wealth, are no longer sufficient to enable an efficient system of self-regulation to be conducted at Lloyd's.

Substantial changes in its constitution are necessary to help the institution to cope with its current problems.

This is the main conclusion of a working party, established by the Committee of Lloyd's and chaired by Sir Henry Fisher, which has been studying self-regulation at Lloyd's since February 1979. John Moore reports on its findings.

In what has been described as a "blueprint for change" by Mr. Peter Green, Lloyd's chairman, a 200-page report prepared by the Fisher working party recommends that a new Lloyd's council of 25 people should be created. This new council would have a wide range of regulatory powers.

New disciplinary procedures have been suggested which incorporate a series of penalties, including fines, suspension and expulsion of Lloyd's members.

One of the most controversial of the Fisher proposals relates to the conflicts of interests between brokers and underwriters.

Insurance brokers, the groups which buy insurance on behalf of clients, have duties towards the assured and their shareholders. Underwriters and underwriting agents have a primary allegiance towards the private membership of Lloyd's which puts up the capital to support the underwriting operations.

To prevent abuses because of conflicts of interest, insurance brokers should terminate the shareholding links they may have with managing agencies, the groups which look after the affairs of underwriting syndicates, the sellers of insurance.

This divestment should be done over a five-year period "and the formation of such links prohibited for the future," says the Fisher Report.

If implemented this proposal will have a strong impact on all the insurance brokers quoted on the Stock Exchange. They all have large Lloyd's interests and own managing agency companies which contribute a significant proportion of their revenues. Many other Lloyd's brokers will be affected by the proposal.

Because of the numerous changes required in the way Lloyd's carries out self-regulation, Sir Henry Fisher and his team have said that the Committee of Lloyd's should promote a new private Act of Parliament "so that the constitution of Lloyd's can be brought up-to-date and the powers of self-regulation enlarged."

New bye-laws have been drafted by the working party and a draft bill to amend the Lloyd's Acts 1871 to 1951 has been prepared. The Bill will establish the new Council of Lloyd's.

The new Council of Lloyd's would be formed of 16 members elected from among the 3,200 working members, such as underwriters, insurance brokers and underwriting agents, as well as members who have retired from working in the market. Only working members of Lloyd's would be entitled to vote for them.

Main recommendations of the Fisher working party are:

● A new council of Lloyd's of 25 members should be formed to make general rules and bye-laws.

● The new council would be composed of 16 working members of Lloyd's elected by other working members. Six non-working members to be elected by a postal ballot of non-working members. Three members from outside Lloyd's, nominated by the council—the nominations to be confirmed by the Governor of the Bank of England, or any other independent confirming authority.

● Executive functions of the council to be carried out by the committee of Lloyd's, which will consist of the 16 council members who work at Lloyd's.

● New disciplinary proceedings, with a wide range of penalties, including fines, suspension and expulsion of members.

● Over five years, the shareholding links between Lloyd's insurance brokers and managing agencies, the groups which look after the affairs of underwriting syndicates, should be terminated. Over the same period the shareholding links between insurance interests outside the Lloyd's market and managing agencies should be terminated.

● The rule restricting the ownership of Lloyd's brokers by insurance interests outside the Lloyd's market to a 20 per cent shareholding should be dropped.

In a radical change the non-working members of Lloyd's, who represent the majority of the membership, and outsiders, who are completely independent of Lloyd's, could play a key part in the government of the institution.

The Fisher team has recommended that six members of the Council should be elected from among the more than 15,000 members who do not work at Lloyd's, but who commit their private wealth on becoming members of Lloyd's. The collective wealth of the private membership—usually individual means of £100,000 must be shown — allows the market to function.

These six non-working members of the Council are to be elected by other non-working members by postal ballot.

Three members from outside Lloyd's, who have no connection with any Lloyd's broker or underwriter, are to be nominated to serve on the new Council by a majority of other Council members.

The nominations would require confirmation by the Governor of the Bank of England, says the Fisher team, "if he is willing to undertake this duty."

If not, some other independent confirming authority should be selected. The term of office of the outsiders would be three years, with one member being replaced each year.

The term of office of the working members would be four years, with four members elected annually; the term of office of the six non-working members would also be four years, three to be elected every second year.

To prevent too many members being elected from a particular section of the Lloyd's market, and because there is concern among members that Lloyd's is beciming dominated increasingly by insurance brokers, the Council would have the power to limit the number of members from any one section. That wold have the power to make limit the number of brokers.

The Council would fulfill the present functions of the Lloyd's ruling committee. Unlike the Lloyd's Committee the Council woul dhave the power to make by-laws.

Under Lloyd's Acts, according to the Fisher report, the committee does not have power to make general rules binding on members of Lloyd's and on Lloyd's brokers and underwriting agents involved in the transaction of business.

Rules and penalties

The rule-making power is currently the responsibility of a general meeting of the membership of more than 18,500. This power, if the Fisher recommendations are implemented, would be transferred from the members to the council.

For the making of bye-laws on the Council, majorities would be required of the working members and the non-working members together with the outsiders. So the votes of at least nine working members and five of the other members of the Council would be required— a "complete majority."

The executive functions of the Committee of Lloyd's will be delegated, if the new arrangements are implemented, to a committee of the Council made up of working members. They will deal with the day-to-day supervision of the market while the Council deals with policy-making issues.

The power to make regulations for the conduct of insurance business in the market could be delegated to this committee. The chairman of the Council would be chairman of the committee.

Election of the chairman of the Council would be by a simple majority of the Council. The chairman of the Council should be a working member of the market.

Lloyd's has traditionally operated without any formalised disciplinary procedures other than the rarely invoked and limited measures laid down under its 1871 Act of Parliament.

"Clear and explicit general rules should be formulated for members, Lloyd's brokers and their employees, underwriting agents and their employees," says the Fisher report, "with a range of penalties which can be imposed for breach of the rules and a system (with proper safeguards) for the investigation of offences and for disciplinary proceedings in appropriate cases.

"These rules would be made by bye-law, or by regulations made by the committee under a delegated rule-making power."

The Council should have power to bring disciplinary proceedings for discreditable conduct and conduct seriously prejudicial to Lloyd's or Lloyd's policyholders whether or not the matter is covered by a specific rule.

A disciplinary committee should be formed by the Council to exercise its disciplinary powers. The majority of the committee should be formed of members of Lloyd's, not necessarily members of the Council or its executive committee.

A right to a hearing and legal representation is to be given to alleged wrong-doers. An appeal system should be created.

Appeals would be made to an independent tribunal — the Appeal Tribunal — and should be headed by "an independent person of high standing who has no connection with Lloyd's.

The Fisher working party has said that the Council should have a power to order inquiries into the affairs of syndicates, underwriting agencies and Lloyd's brokers. It suggests a rule similar to the Stock Exchange's rule 15 to allow this procedure.

The Council of Lloyd's should have the power to suspend underwriting members, syndicates, underwriting agencies and Lloyd's brokers. This power can be used if the Council has reasonable grounds to believe that serious damage might be caused to Lloyd's or to policyholders and others doing business with Lloyd's if action is not taken.

"If justice can be done by imposing penalties on individuals, Lloyd's may be thereby spared the disruption which might be caused if the penalty of expulsion or suspension was imposed on the Lloyd's broking or underwriting agency firm or company itself," the report says.

The possible penalties against directors, partners and senior employees should include:

● An order prohibiting or suspending the individual from being concerned in the conduct of business at Lloyd's;

● A fine;

● Posting in the underwriting room at Lloyd's of a notice of censure.

Discipline of broking firms

The Fisher team has defined more precisely the offences which may require action to be taken against Lloyd's broking companies and has provided for a wider range of penalties.

The offences set out in the draft bye-laws are

● breach of the Acts or bye-laws;

● non-compliance with any regulation, or with any direction given by the committee, the chairman or a deputy chairman of the committee;

● failure to fulfil any of the conditions or requirements imposed by the Committee;

● breach of any undertaking given on admission or subsequently;

● conduct seriously prejudicial to the interests of Lloyd's or Lloyd's policyholders;

● an act or default discreditable to it as a Lloyd's broker or otherwise in connection with the business of insurance.

The range of penalties set out in the draft bye-laws are

● revocation of the Lloyd's broker's rights to show an account at Lloyd's and removal of its name from the list of Lloyd's brokers;

● an order prohibiting the Lloyd's broker for a specified time from engaging in insurance business at Lloyd's absolutely or to the extent specified in the order;

● a fine;

● censure of the Lloyd's broker and posting of the notice of censure in the underwriting room;

● any lesser penalty.

The existence of a power to fine, the report said, is a benefit to those subject to disciplinary proceedings since it will give the Council a more merciful alternative to expulsion.

The amount of the fine will be at the discretion of the disciplinary committee, but there will be a right of appeal to the amount of the fine. "If a fine is imposed we recommend that money received in payments should be the property of the Corporation of Lloyd's."

The registration of brokers and underwriting agents should be reviewed every five years.

The great majority of the larger managing agencies are broker-controlled or partially owned by a Lloyd's broker: 45.39 per cent of the underwriting capacity at Lloyd's is managed by a broker-controlled agencies with a further 5.87 per cent managed by broker-involved agencies.

The working party: left to right (standing) Mr. Gordon Hutton, Mr. Norman Frizzell, Mr. Bruce Gray; (seated) Mr. David Watt, Mr. Tom Langton, Sir Henry Fisher, and Mr. Robin Broadley.

Underwriting ownership

The Fisher team has concluded that the eight largest broker-controlled agencies are controlled by the eight largest Lloyd's brokers who between them account for 58.8 per cent of the premium income of Lloyd's.

Potential areas of abuse, according to the report are:

● Action contrary to the interest of the members of the syndicate: A Lloyd's broker may put pressure on the active underwriter of a controlled syndicate to underwrite risks contrary to his better judgment, or to write business at premium rates below those which he would offer to other brokers, or to give commissions higher than those he would give to other brokers, or to settle claims on terms which he would not otherwise agree.

● Action contrary to the interest of assureds: A Lloyd's broker may give business to its controlled syndicate, although better terms are available from other syndicates.

● Action contrary to the interest of Lloyd's as a market: Lloyd's is a market where underwriters are in competition with each other, and where (if there is to be genuine competition) brokers should place their business with underwriters who offer the best terms. "It is inconsistent with this ideal if brokers favour their own controlled syndicates."

Other abuses mentioned to the Fisher team by witnesses:

● Some brokers owning agencies are prone to "load" syndicate expenses on to the members of the syndicate—to allocate to the underwriting agency a disproportionately large share of their group expenses, which are then charged out as expenses to the members.

● It is said that some brokers are prone to exert undue pressure on their owned managing agencies to accept new members on syndicates which do not have sufficient premium income to justify an increase in capacity.

One witness told the working party "modern pressures make it increasingly difficult for brokers to wear two hats successfully, particularly when they are publicly quoted and continually aware of their earnings per share figures."

The working party held its first meeting on February 5, 1979. It met on 79 occasions and received 437 written submissions from many sections of the market. Oral evidence was given by 72 witnesses, including accountants, journalists, underwriters, corporation staff, solicitors and brokers.

The working party was chaired by Sir Henry Fisher, president of Wolfson College, Oxford. Mr. Thomas Langton, a Lloyd's underwriting agent, and a former deputy chairman of Lloyd's, served as deputy chairman. Other members included Mr. Robin Broadley, a managing director of Baring Brothers and Co., merchant bankers; Mr. Norman Frizzell, a Lloyd's broker and chairman of the Frizzell Group.

Mr. A. Bruce Gray, a non-marine underwriter, and a former deputy chairman of Lloyd's; Mr. Gordon Hutton, a marine underwriter, and chairman of G. W. Hutton and Co. (Underwriting Agency); and Mr. David Watt, director of the Royal Institute of International Affairs, formerly political editor of the Financial Times.

By a majority of six to one the working party recommended that the Council should have power to provide that "from a stated date approximately five years ahead, no Lloyd's broker who owns an interest in a managing agency will be permitted to show a brokerage account" in the underwriting room.

No managing agent in which a Lloyd's broker owns an interest will be allowed to remain on the register.

Brokers will not have to divest themselves of the right to manage members' agencies, the groups which introduce members to Lloyd's but which do not manage syndicates.

Agencies should divest themselves of interests in Lloyd's brokers. "There should be an exemption if the interest does not exceed, say, 5 per cent of a Lloyd's broking company which is publicly quoted."

Insurance interests outside the Lloyd's market should also divest themselves of shareholdings in managing agencies over a period of five years otherwise the managing agency would not be allowed to remain on the Lloyd's register.

The controversial rule which limits shareholdings in a Lloyd's broker by non-Lloyd's insurance interests to 20 per cent is to disappear if the recommendations of the Fisher team are implemented.

Contrary to general belief, the report said, the 20 per cent rule does not discriminate between UK and foreign interests (though its recent applications have involved U.S. interests).

"Whatever the ultimate ownership, we believe that if the Committee of Lloyd's is to ensure that proper standards are maintained by Lloyd's brokers it is essential that there should always be a company registered in the EEC with its office in London which is the 'Lloyd's broker' admitted by the Committee."

The working party concludes that once the new legislation has been introduced at Lloyd's the Committee will not need to impose an absolute limit on shareholdings in Lloyd's brokers by non-Lloyd's insurance interests.

"Such a limitation would no longer in our view be necessary for regulatory purposes; and it might well be difficult to obtain clearance for it under EEC regulations. It will be for the Committee to decide whether it must retain its 20 per cent rule until the new legislation is enacted."

Further recommendations

Further proposals include:

● Binding authorities: many active underwriters in Lloyd's use binding authorities, devices whereby outside insurance specialists, often based overseas, can accept risks on behalf of underwriters.

The amount of insurance business which a Lloyd's syndicate can accept is strictly related to the amount of capital backing the syndicate. But the amount of premium received can often depend on the amount of business produced by a distant binding authority holder.

"It would inflict serious harm on Lloyd's if measures taken to control premium income were drafted and operated in such a way as to inhibit this kind of insurance business." But the Fisher team has said that there must be proper processing of the authority through Lloyd's central services. Every authority "should contain a limit to the amount of premium which can be written under it."

In view of the importance of members remaining "within their premium income limits we believe this to be essential. The arguments which have been advanced against it seem to us to be quite unconvincing."

The Fisher report said that a system of tribunals for vetting potential binding authority holders should be mandatory. "It should be an offence to give a binding authority to a coverholder who should have been tribunalised but was not, or who failed the tribunal."

● Protection for policyholders and members. Personal stop-loss insurance enables members individually to obtain a considerable degree of protection against an overall underwriting loss on any one year of account.

"But "quite clearly it is wrong in principle" for a member to be covered by any syndicate "on which he participates. We recommend that this be strictly forbidden, irrespective of how small the participation is."

Th eCouncil should continue to allow the writing of personal stop-loss insurance business in the Lloyd's market but should introduce stringent audit regulations in respect of this class of business.

The Council should also monitor how this class of business is spread throughout Lloyd's, and obtain evidence from syndicates of the amount of stop loss insurance written, and should limit the amount written by individual syndicates.

● Limitation of the size of syndicates. The Council should have power to impose a limit on the size of syndicates, and it should be prepared to exercise the power if it considers that it is necessary to do so in order to avoid serious prejudice to Lloyd's or to Lloyd's policyholders.

● Audit: the Council should lay down rules as to the minimum amount of information to be disclosed in the syndicate accounts and set out accounting standards. Audited syndicate accounts should be accompanied by a report by the agent on matters of specific interest to the members. The Council should have the right to call for production of accounts and to require a second audit to be carried out by a firm of accountants which it nominates.

● Arbitration: The Council of Lloyd's should have power to require that any dispute entirely within the Lloyd's community should be decided by arbitration.

An arbitration panel should be formed of six senior barristers or solicitors with wide experience of insurance law. One of these would act as chairman. The rest of the panel would be composed of 12 senior members of the Lloyd's market.

● Minimum qualifications or experience of active underwriters: the Council of Lloyd's should consider introducing its own courses and examinations (perhaps in conjunction with the City University). After a period of years, suggests the report, these examinations could become obligatory for young men and women employed on underwriting "boxes."

The Council should consider the possibility of requiring minimum periods of experience of Lloyd's before authority can be given to a person to underwrite.

● New technology: If Lloyd's is to remain competitive, it will have to take advantage of new technology, "even if this means abandoning hallowed practices," such as preserving the tradition of conducting all business in the underwriting rooms and not elsewhere. The Lloyd's Act of 1871 should be changed. Lloyd's should take into account developments in communication, and in storage and access to information.

● Delegation: As a general principle decision-making should be delegated to the maximum possible extent. Delegation should be by the Council to the committee of Lloyd's; by the committee to standing sub-committees and boards; and by the committee to the permanent staff of the corporation, the administrative body of the market.

The Secretary-General, the top administrative position in Lloyd's, should play a leading role in co-ordination. It would be the Secretary-General who, in case of doubt, decides how any particular question is to be handled.

● Pure gambling insurance policies should be banned at Lloyd's.

● Market associations and agreements: certain matters at present covered by market agreements should be made the subject of bye-laws or regulations. Certain market agreements in Lloyd's are of a formal character and adherence to them is a necessary condition for underwriting a particular class of business.

● Lloyd's Acts: a postal ballot of all members should be held to vote on any proposed change to Lloyd's Acts before the proposal for the change is put to Parliament by the Corporation of Lloyd's, and a simple majority of those voting should be required.

The long struggle for an internationally acceptable level of company reporting

BY BARRY RILEY

THE COMPANY ANNUAL report is a rapidly changing document, and major companies in a number of countries are breaking new ground in the disclosure and presentation of information.

Fundamentally companies are facing the challenge that perceptions of their degree of responsibility are altering, and slowly a truly internationally acceptable level of financial reporting is emerging.

The first comprehensive analysis on a world-wide basis of the annual reports of major listed companies has now been published by Financial Times* Business *Information*. It studies the reports of 200 companies based in 20 countries, and gives a clear impression of the reporting pressures now *faced by international groups*. It also, perhaps not surprisingly, reveals a very wide variation in the reporting standards achieved.

Once, it was enough that companies were responsible to their shareholders, and indeed much of British company law is still constructed on this basis.

Now, however, a *much* broader view is developing. The relationship between companies and their employees has perhaps been subject to the greatest degree of political development, and the need to communicate with the workforce is a key *factor* behind new departures in company reporting.

The question of responsibility to the community at large is a vaguer one, but is still a subject that causes *considerable heart-searching* among companies. Environmental problems of pollution, issues like energy conservation, and the emphasis on research and development are all matters that impinge upon modern corporate reporting.

At the *international* level new political problems emerge. Companies need to show that they are good international citizens, whether in terms of the

The U.S. is the country with the highest quality reports by large companies

taxes they pay, the investments they make in different countries, *or the employment* they create or destroy in various territories. International political bodies like the United Nations and the OECD are now *paying close attention* to company reporting standards.

These developments mean that the modern international company has to compile its annual report to cope with the needs of a very wide spectrum of potential users. It is becoming very difficult for companies to confine their attention to the traditional users — the shareholders, other financial backers like banks, and trade creditors —though clearly such users retain the highest priority.

It is not surprising that many *companies are doubtful whether* a single document can in fact be produced on an economical basis to satisfy the requirements of all potential users. The Americans have their Form 10K. for filing with the U.S. Securities and Exchange Commission, which contains more information than is statutorily required in the *annual report* itself.

In Britain many companies have been experimenting with special employee reports, which sometimes double as simplified versions of the accounts to be sent out to shareholders (though the latter are statu*torily entitled* to a copy of the full report as well).

But in general most large international companies still aim to produce a single annual document which *encapsulates*

THE TOP TEN

(Highest scores for audited accounting information; *alphabetical order*)

AKZO—Holland
BAT Industries—UK
British Petroleum—UK
KLM—Holland
Mobil—U.S.
Philips—Holland
Royal Dutch/Shell—Anglo-Dutch
Shell Oil—U.S.
Texaco—U.S.
Unilever—Anglo-Dutch
BEST COMPANY—PHILIPS

the performance of the group *within its covers. The success* they achieve varies considerably from country to country, and widely different standards are often apparent even among companies based *in one country*.

The quality of financial accounting information is, of course, fundamental to the usefulness of the annual report. Any international *survey* is bound to highlight the differences from country to country. For instance, even countries with such similar *accounting traditions as the U.S.* and Britain have recently diverged seriously in areas like foreign currency *accounting and* accounting for deferred taxation.

The two companies in the FT survey ambitious enough to be *based in more than one country* —the Royal Dutch/Shell group and Unilever—have this year had to accept qualifications to their audit reports because of the incompatibility of British, Dutch and American accounting standards.

It is, however, possible to take a positive view. The American SEC is playing a powerful role *in the emergence of an inter*nationally accepted level of financial reporting, and its influence stretches far beyond U.S. borders: to Japan, for instance, where six of the companies in the survey prepare accounts in accordance with *generally accepted* American accounting principles, and file with the SEC so that they can gain access to the U.S. capital markets.

The survey shows that some 170 out of the 200 companies produce some kind of group or consolidated accounts, even though group accounts are not statutorily required in important countries like France, Italy, Brazil or Spain (and only *domestic consolidation* is required in Germany).

As many as three-quarters of the companies are audited by or at least obtain advice from the big *international accounting* firms—the U.S.-dominated "Big Eight" plus the new European-*based grouping*, Klynveld Main Goerdeler. There is still a long way to go, however, before these international auditors apply reasonably uniform standards *in all the countries* in which they operate.

American and British companies show up very strongly in terms of the audited financial information they produce. When it comes to non-financial in*formation*, however, a quite different pattern emerges: some of the most impressive developments are being produced by companies in Continental Europe.

The most striking example *concerns employment reporting* —the disclosure of information about how the company has managed its human resources (not to be confused with *employee reports*, which are special versions of the financial *statements aimed at workers*).

In most countries the legal requirements to disclose employment information are minimal; in Britain, for example, *companies need publish no* more than the bare average total of UK employees, their aggregate pay during the year, and a few details of the numbers of higher paid employees and directors falling within *certain salary bands*.

Only a handful of British companies devote as much as a page of their annual reports to employment matters. In con*trast, a number of Continental*— notably French—groups provide elaborate analyses of labour matters ranging all the way from recruitment and training *to safety and productivity*.

It is arguable whether elaborate details of this kind really have a place in a general purpose annual report. But at the very least, companies with *international operations* are going to have to grow accustomed to disclosing comprehensive geographical data on numbers employed. This information is given by under a fifth of the companies in the survey.

Overall, the U.S. emerges as the country producing the most consistently high quality annual reports by large companies. Only one out of 30 American

The least satisfactory performance was put up by Spain, along with Brazil

company reports analysed failed to get into the two top grades out of six.

The least satisfactory per*formance* was put up by Spain, *along with **Brazil***, while **Italy** and **Belgium** also show up poorly, with most of their companies being placed in the sixth and bottom grade, F.

If these are fairly predictable findings, there are some surprises. There is a very strong *showing by the Swedish and* **Dutch** companies, for example. And there is an astonishingly divergent performance by France, where the quality of reports ranges from among the very best to the worst.

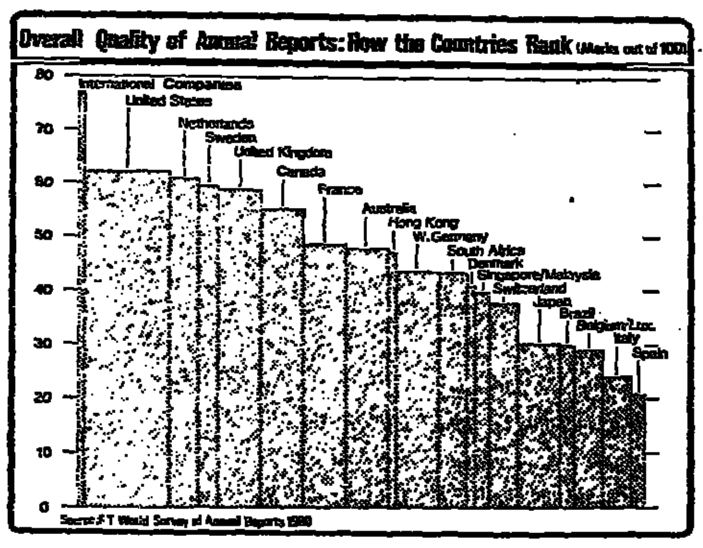
One explanation for this is *that the French version of the* SEC, the Commission des Operations de Bourse, has had a strong but patchy influence on leading French companies. Some have responded to pressure to make non-stautory disclosures, *but some have not*.

Australia comes out rather poorly, as does Germany, though companies there have been handicapped by certain aspects of German law, and they might also complain about *losing marks for failing to pro*vide inflation accounting data when inflation is in fact hardly a problem for them.

As for Britain, a high level *of audited accounting informa*tion is achieved but the com*panies* are *little* better *than* average in terms of non-financial disclosures. A number of the British annual reports are placed in grades C and D.

The national variations in the quality of annual reports broadly reflect the uneven development of capital markets. Where stock markets are active *and there are many public share*holders, high quality reporting is essential. This is *true of the* U.S., for instance, and Britain.

But in other countries the financial scene is dominated by banks, and sometimes by powerful family-owned groups and holding companies. There, reluctance to disclose information



is inevitably much greater.

With the growing internationalisation of big business, however, new political forces are coming into play. The OECD has issued its guidelines on the disclosure of information by multinational enterprises: the United Nations is also involved in a programme to *improve company reports*; and the EEC is busy with company law harmonisation proposals.

Somewhere in the middle of all this the International Accounting Standards Committee, which represents various national professional accounting bodies, has been seeking to formulate accounting principles which are acceptable on a worldwide basis. *In doing this*, one of its aims is to preserve the influence of accountants in a field which threatens to be dominated increasingly by politicians.

The OECD, which represents the major developed industrial nations, *is relatively acceptable* to multinational enterprises, almost all of which are based in OECD member countries. *But there are greater potential* problems in conforming to the requirements of the United Nations, which in its activities in the corporate reporting field also reflects the views of many Third World nations.

Fears about the degree of political pressure for more disclosure were voiced yesterday by Mr. R. C. Spinosa Cattela, finance director of Philips, the Dutch-based multinational, when accepting the accolade for *the outstanding report in the* world-wide survey of 200 companies.

He said that an annual report should be aimed at stakeholders in general; it must serve more interests than just those of the shareholders. But he added: 'An anual report also has its natural limits."

Mr. Cattela was worried by the attempts by governments to obtain *information about indi*vidual subsidiaries and individual countries through the acceptance of an international code. Referring to the UN, he expressed concern. '*The dis*cussions which are being held by an inter-governmental group of experts do not mayke us feel optimistic," he said.

* *Financial Times World Survey of Annual Reports 1980, by Michael Lafferty and David Cairns. The Financial Times Business Information Ltd.* £88. *420 pages.*

APPOINTMENTS

Dunlop main Board post

Mr. Roy Marsh, director of corporate affairs and a member *of the board of Dunlop Limited* since 1977, has been appointed an executive director of Dunlop Holdings.

Joining Dunlop in 1951 as a trainee at the company's tyre headquarters in Birmingham, *Mr. Marsh moved to the finance* division in London and was later responsible for establishing the central economics and marketing research department.

In 1966, he was given overall responsibility for marketing and *publicity on his appointment* as group marketing controller. In 1971 he became general manager of corporate planning and a year later director of public affairs.

Following a year's secondment to Dunlop Australia, he returned to London to become chairman of Dunlop's International Sports Company in 1977.

★

Mr. John C. Lowein has been appointed chairman and chief executive, from July 1, of MOBIL OIL COMPANY, the UK refining and marketing affiliate of Mobil Oil Corporation. He succeeds **Mr. George W. Pusack**, who becomes chief executive of Mobil Oil Australia on August 1. Mr. *Lowein is at present executive* vice-president of Mobil Europe Incorporated, which is headquartered in London.

★

Mr. H. L. Jefferies is to become chairman of BICC INTERNATIONAL *from July 1 in* addition to his responsibilities as managing director. ***Mr. D. H.* Rooney** resigns as chairman at the end of this month on his appointment as chairman of the National Nuclear Corporation.

★

Sir Eric Faulkner is to become president of the BRITISH BANKERS' ASSOCIATION. He takes over from **Lord O'Brien** *of Lothbury*, who has held the appointment for over six years. The two vice-presidents of the association are **Sir Jeremy Morse** and **Mr. John F. H. Baring**, chairmen, respectively, of the Committee of London Clearing Bankers *and of the* Accepting Houses Committee.

Mr. Roy Marsh

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Mr. Anthony Diskin has resigned as commercial director of Wigfalls, electrical and television group with headquarters in Sheffield, to become a director of LONRHO TEXTILES and *chief executive of* its BRENTFORDS retail chain.

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Guy Butler (France) SARL, Paris-based subsidiary of Eurocurrency deposit and foreign exchange brokers Guy Butler (*International*), is changing its name to GUY BUTLER—RAYNAUD SARL from July 1. Managing director of the French company will be **Damien Raynaud**.

Joseph takes hard line on BSC

Sir Keith Joseph, Industry Secretary, made the following statement in the Commons yesterday.

'For the last financial year, as the House was told on June 10, BSC estimate a loss before adjustments of £450m from ordinary activities. There are also extraordinary items, consisting of redundancy and other closure costs and a write-down of fixed assets which will be over £1,100m. Final figures will be available in a few weeks' time.

For this financial year, as the House knows, the Government have made £450m of taxpayers' money available as the external financing limit. The Chairman has warned me for many months that, without further corrective action, BSC's cash needs were likely greatly to exceed the external financing limit, but he also told me that he was seeking remedies and was not asking for more cash.

On June 6, however, he wrote to me that, even after allowing for the remedies which they were pursuing his board saw an additional cash requirement of around £400m in the financial year 1980/81 over and above the EFL. He wrote that unless the Government agreed to the factoring of home debtors and the sale and leaseback of major assets outside the EFL, BSC could not carry on trading and would have to recommend the liquidation of the business.

Measures such as BSC have proposed would, of course, only postpone the day of reckoning. As for liquidation, the Iron and Steel Act 1975 makes no provision for this. The £400m figure is based on provisional trading forecasts: a firmer figure, which may well be larger, will have to await an up-to-date assessment of BSC's trading position.

Over the past year, the market has fallen away both at home and abroad with a depressive effect on prices.

Meanwhile, BSC's costs have been rising sharply. The long strike has, as I warned the House, made BSC's sales and job prospects and the cash problems worse.

We are not satisfied that the Corporation have yet taken with sufficient speed and determination all the action open to them to reduce their cash requirement in 1980/81. Mr. MacGregor, who takes office as chairman next week, will need time to produce new proposals for corrective action.

Until Mr. MacGregor has made his proposals and we are satisfied that the corporation is taking the necessary measures, we are not prepared to reconsider the level of the external financing limit.

Should the Government decide to advance additional funds, any money required would involve a Winter Supplementary Estimate and if needed before then would be provided by a repayable advance from the Contingencies Fund. I shall report to the House again later in the year.

Meanwhile, having considered the corporation's concern about taking on fresh financial commitments, I have asked BSC to continue trading as an ongoing business. I have told them that in the last resort HMG would have to ensure that creditors of the corporation had their claims met in full.

BSC have for years suffered from political interference and insulation from market realities. The taxpayer has already contributed over £4,000m to BSC over the past five years; a further £450m is being made available in the current year and now we are being asked to consider yet further calls on the taxpayer.

BSC are still faced by excess capacity and lack of competitiveness in what is an intensely competitive market. It is for the new chairman to use every practicable means, including a further review of capacity and disposals, to bring the corporation's cash requirements as close as possible to the EFL and to see if it is possible to restore the corporation's financial and trading position.'

Bitter Opposition attack

BY PHILIP RAWSTORNE

LABOUR MPs greeted Sir Keith Joseph's statement as "an incitement to further savage cuts" in the steel industry—and responded with anger and dismay.

The Industry Secretary's statement was heard in sombre silence.

But Mr. John Silkin, the Labour spokesman, launched what became an increasingly bitter attack on the Government's decision.

He accused Sir Keith of indecision and dithering over BSC's problems in the past year.

Labour had warned that the BSC's cash limits were impossibly unrealistic, Mr. Silkin declared. "If you had taken our advice . . . there would not have been a steel strike and this situation would not have arisen."

He predicted unhappy social consequences in areas already suffering the worse unemployment since the war.

"Are you in favour of a British bulk steel company or not?" he demanded.

Yes—if it could be profitable, Sir Keith retorted.

The Industry Secretary accepted that his statement would be "distressing" to people in the industry—and to the taxpayers who had contributed £5bn in the hope of making it profitable, he added.

How could any steel workers be expected to help make their plants profitable when they saw that the price of profitability was closure? Mr. Alan Beith, the Liberal Chief Whip, asked.

"Do you ever think about the social costs?" Mr. Gregor Mackenzie (Lab., Rutherglen) pressed in pursuit.

Sir Keith retorted that the £5bn contributed by taxpayers to the industry was another measure of the social cost involved.

It was an attitude fully supported by Conservative backbenchers.

Mr. Ian Lloyd (C., Havant and Waterloo) suggested that the country would have been much better off if the £5bn had been invested in silicon rather than steel.

Other Conservative MPs urged that as much of BSC's assets as possible should be sold to the private sector.

"I certainly shall not stand in the way." Sir Keith assured them.

Mr. Tony Marlow (C., Northampton North) urged that Consett steel workers should take over their plant in lieu of redundancy pay. That was a matter for them, Sir Keith said.

He agreed with Mr. Kenneth Baker (C. St. Marylebone) that the "grievous self-inflicted wound" of the steel strike was the main cause of the present situation.

But Labour MPs angrily contested that view. Mr. Ernest Armstrong (Durham North West) reminded the Industry Secretary that steel workers also paid taxes, and said they had been forced into the strike.

He told Sir Keith: "To write off the steel industry, so vital to the future of the country, in such an offhand way, to support your economic theories, is completely beyond comprehension."

Sir Keith told MPs that it was possible that with the new BSC chairman and co-operation from all concerned, the country might have "a satisfactory steel industry" in the future. The Commons remained deeply pessimistic.

Mr. Leo Abse (Lab. Pontypool) called unsuccessfully for an emergency debate. "One of our most basic industries now has hanging over its head a Damocles sword of liquidation," he declared.

Devolution plans approved

By Elinor Goodman

THE CABINET yesterday gave its final approval to plans for devolving powers back to Northern Ireland.

A discussion document will be published in the middle of next week, which the Government hopes could form the basis of legislation some time next year. The document will probably be launched by Mr. Humphrey Atkins, the Northern Ireland secretary, in the province itself, but there will be a debate the following week at Westminster.

The document is expected to propose an elected assembly together with some element of power sharing for the minority Catholic community in committees. No hard and fast proposals will be made at this stage, and on some issues the document will spell out a number of options.

But the paper is expected to indicate which particular options the Government thinks are most workable.

There is no great optimism that the document will provide the solution to the problem—although Ministers believe that the lengthy talks with politicians in the province earlier this year did prove that there were large areas on which virtually all the parties could agree.

The Government were only trying to translate the proposals into legislation, because it believes there is a consensus of opinion for them in Northern Ireland.

Inflation rate will fall fairly soon, says Howe

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE RATE of inflation is likely to turn down "fairly shortly." Sir Geoffrey Howe, the Chancellor of the Exchequer, told the Commons yesterday.

During Treasury Questions, he and Mr. Nigel Lawson, Financial Secretary to the Treasury, underlined their speeches of the previous day in which they saw encouraging signs that inflation had reached a peak.

Nevertheless, they rejected demands in the Commons yesterday for an immediate cut in minimum lending rate from its present record level of 17 per cent and said that this could only be done when money supply was firmly under control.

Sir Geoffrey said that he had noted the CBI survey which showed that manufacturers expected to put up prices less than at any time over the past seven years. He also noted that house prices had been steady for some months.

"These are among several indicators that the rate of inflation is likely to turn down fairly shortly," he added.

Challenged by Mr. Douglas Jay (Lab., Battersea North) Sir Geoffrey claimed that the Government's policies were succeeding and the level of price rises would shortly "peak out."

The Chancellor rejected any idea that the Government was introducing an incomes policy. Previous attempts at such policies which applied right across the board—whether statutory or otherwise — had always contained the seeds of their own destruction.

He agreed that the Government was responsible for determining the pay of those it employed, but argued that this was entirely different from an incomes policy.

So long as monetary discipline was maintained, as it would be, then pay settlements which went beyond the underlying rate of growth of money supply were bound to add to the level of unemployment.

The current level of interest rates would be kept only as long as necessary to ensure that the trend of monetary growth could be maintained in line with the target.

This brought criticism from Mr. Michael Latham (C, Melton), who pointed out that the high rates of interest conflicted with the Government's strategy of helping small business.

He wanted to know when the Chancellor was going to resolve this conflict.

Sir Geoffrey retorted: "It is desirable for interest rates to come down as soon as it is possible for them to do so, compatible with proper management of the money supply."

He said that the exchange rate for sterling was "outside the control of the Government" and saw this as another reason for reasonable pay bargaining.

Mr. Denis Healey, Labour's Shadow Chancellor, told Mr. Lawson that the policy of high interest rates had been proved a "total failure."

Mr. Lawson, however, insisted "certainly it is no part of our policy to maintain high interest rates for their own sake. As soon as interest rates can be reduced, consistent with maintaining monetary targets, they will be reduced."

Mr. John Biffen, Chief Secretary to the Treasury, who also came under attack from the Labour benches, told the House "any march to easier money or protectionism would be even more damaging to the economy.

I don't believe a contrived exchange rate below what the market will produce is in any way a salvation for British industry."

Call for flexible training

By Nick Garnett

ONLY A quarter of Britain's 300,000 school leavers received thorough systematic training for employment, MPs were told yesterday.

This was one of two facts which had to be accepted by unions and employers before further progress on training could be made, Mr. Alan Brown, chief executive of the Manpower Services Commission's training division, told the Employment Select Committee.

The other was that the attitude that the use of rigid apprenticeships was the only strategy for removing skill shortages was a handicap in certain industries.

The unions were mainly to blame for tending to insist on this rigidity.

Much training, however, had to be more flexible with openings for various age groups, said Mr. Brown.

At the moment, moderately qualified 16-year-olds received very little fillip to their working careers when they left school.

Some industrial Training Boards were weaker than others. The relative strength of each individual board largely emanated from the quality of its board members, and to a lesser extent to the calibre of its service staff.

Banking and finance was the largest industrial sector which did not have an industry training board, Mr. Brown told the committee. It was unclear, however, whether an ITB or some other body would be the answer to the industry's training requirements.

Parliament next week

COMMONS

Monday: Civil Aviation Bill, remaining stages.

Tuesday: Debate on Inmos. Debate on Liberal motion on a prices and incomes policy. Motions on Financial Assistance (offshore supplies grants) Scheme and on Petroleum (production) (amendment) Regulations.

Wednesday: Debate on EEC documents on Budget, fisheries policy, and on meeting of Foreign Affairs Council. Education (publication of school proposals) Regulations.

Thursday: Local Government, Planning and Land Bill, remaining stages.

Friday: Private Members' Bills.

LORDS

Monday: New Town Bill (Money) third reading. Housing Bill, committee. Transport Bill Commons message. Gas Bill, third reading.

Tuesday: Two Consolidation Bills, second reading. Social Security Bill, report. Welfare of Livestock (Deer) Regulations. Veterinary Surgeons Act 1966 Amendment Order.

Wednesday: Housing Bill, committee. Short debate on EEC Budget.

Thursday: Housing Bill, Committee. Novelties (Safety) Regulations. Trees (replanting and replacement) Bill, third reading.

Friday: Greater Manchester Bill, third reading. Housing Bill, committee.

Labour inquiry Left-wingers' report on trade union role

BY ELINOR GOODMAN, LOBBY STAFF

LEFT-WING members of Labour's Commission of Inquiry are expected to present a minority report today on the composition of the proposed new body to elect the party leader which will leave the role of the trade unions deliberately vague.

The minority report looks like proposing a college of possibly more than 1,000 members.

This will be made up of all Labour MPs and candidates together with a representative of every constituency party and an "agreed" number of trade union representatives.

The Left's hope seems to be that by leaving open the question of precisely how many seats the unions should have on the electoral college, they will be able to get the support of the unions they need to defeat the Commission's majority report.

Originally their idea was to promise the unions a third of the seats but some Left-wing groups have argued that the unions should be given half the seats as at least one of the big unions has suggested.

The Left's minority report will also recommend that the electoral college should have nothing to do with drafting the manifesto and that, instead, the National Executive should retain its final veto over the manifesto.

The Left's minority report will be presented at the Commission's meeting today. The meeting should also get a report from the drafting committee set up to recommend the structure of the electoral college proposed in the commission's majority report.

But there were growing signs yesterday that even some of those members who originally voted for the electoral college were beginning to wonder whether it could ever work in practice.

At the commission's weekend meeting two weeks ago, Mr. Callaghan, the party leader, set out by opposing the whole idea of an electoral college.

But when he realised that he had no chance of fighting the idea off altogether, he went along with the idea of a college, which would still give MPs the decisive say in electing the leader.

Under this scheme, MPs would be guaranteed half the places on the commission and the rest would be divided between local parties and the trade unions with a further 5 per cent reserved for other affiliated organisations.

Revenue tax on oil

OIL COMPANIES are to be paid interest by the Government when the advance payments they make for petroleum revenue tax proves to be greater than the actual liability incurred.

An amendment embodied in the Finance Bill by a Commons Standing Committee last night authorises the Treasury to pay interest on the excess sum.

Mr. Peter Rees, Treasury Minister of State, explained that the interest paid by the Government would run up to the date that the excess payment was actually refunded.

He also told the Committee that at the present time petroleum revenue tax is only being paid in respect of five North Sea oil fields.

Running the Question Time gauntlet

BY IVOR OWEN

A 10-letter word—confidence—momentarily threw the Prime Minister out of her stride in the Commons yesterday as she ran the gauntlet of another Question Time session dominated by Labour demands for major changes in the Government's economic policy.

It was placed in her path by Mr. Kenneth Lewis (C., Rutland and Stamford), who also erected another hurdle by suggesting that it might best be described as "a No. 10 letter word."

To Labour cheers, and some nods of agreement from other Tory backbenchers, he told Mrs. Thatcher that confidence was the one thing that concerned industry and commerce more than anything else.

But the Labour cheers turned to groans when Mr. Lewis's prescription for instilling the maximum possible confidence in industry turned out to be another dose of rousing speeches from the Prime Minister and her Cabinet colleagues.

Quickly recovering her normal face, Mrs. Thatcher assured Mr. Lewis that she remained fully confident that the Government's policies would lead Britain back to greater prosperity.

The soundness of those policies, she added, had been confirmed only last weekend at the Venice summit.

Mr. John Dormand (Lab., Easington), remained unconvinced. North-East England, he said, had the highest unemployment rate in the whole of the country and was rapidly becoming a scene of devastation.

Yet, he complained, the Prime Minister refused to meet a deputation of North-East Labour MPs and trade union leaders.

Mrs. Thatcher, now back in full stride, brushed his objections aside—she was not prepared to turn herself into a "court of appeal" hearing complaints against decisions reached by each and every departmental Minister.

As for the views of Tory MPs from the North East, Mrs. Thatcher disclosed that she had read the speech by Mr. Geoffrey Rippon, MP for Hexham, in Wednesday's unemployment debate when he called for "a change of direction" by the Government.

Making it clear that her course still lay dead ahead, the Prime Minister commented only on the fact that Mr. Rippon had himself pointed out that the Labour Party had twice doubled unemployment in the North East.

So Labour had "nothing to boast about," she insisted.

Mr. James Callaghan, the Opposition leader, warned the Prime Minister that it was time she took the growing industrial casualty rate more seriously.

Even successful firms, he said, were complaining that their future trading prospects were in jeopardy because of Government policies.

Mrs. Thatcher retorted that the best and most competitive companies would indeed survive.

Labour MPs, she snapped, were asking the Government to do one of three things—tax more, borrow more or print more money.

With almost one voice the Opposition benches assured the Prime Minister that they were asking for only one thing.

It was a six-letter word—"resign."

More say on strikes for shipbuilders' members

BY PHILIP BASSETT, LABOUR STAFF

UNION MODERATES secured a victory yesterday which will require engineering and shipbuilding unions to consult their members before taking industrial action.

Action over pay and hours last year by the Confederation of Shipbuilding and Engineering Unions, including a series of one-day and two-day national strikes severely damaged industrial production.

While the decision of the Confederation's annual conference in Llandudno does not necessitate ballots on industrial action, Whitehall is likely to view it as giving further support to Minister's beliefs that union leaders must try to reflect more closely their members' wishes.

The Right's success significantly lessened chances of industrial action being taken at national level.

The issue was decided on a card vote when the engineering section of the Amalgamated Union of Engineering Workers (AUEW) sided with the proposers, the moderate Electrical and Plumbing Trades Union (EPTU), to give a vote of 1,105,999 in favour and 774,000 against. Significantly, the more militant Transport and General Workers' Union (TGWU) abstained.

The issue was seen as being something of an attempt by the EPTU to recover face lost during the final stages of last autumn's dispute when, under pressure from members, the union threatened to hold a ballot to end its participation in strikes.

There was a strong feeling at the conference that if the motion had not been carried, the EPTU might have considered withdrawing from membership of the Confederation, which is already threatened with a TGWU revolt over future negotiations with BL.

Support for moderation received a further boost when the Left's attempt to reopen prematurely negotiations on further reductions in the working week, was heavily defeated.

The agreement which settled last year's dispute provided for a one-hour reduction to 39 hours from November next year, but committed the unions not to make further claims on hours until 1982.

But the National Union of Sheet Metal Workers tried yesterday to bring forward the application to next January—because some agreements were now allowing for shorter hours well before the time conceded by the Engineering Employers' Federation.

The AUEW and the EPTU again combined to defeat the resolution, though this time they were also joined among the large unions by the TGWU. All the unions, though, drew unanimously round a wages motion which will form the basis of this year's claim to the EEF.

The resolution called for "substantial" increases but Mr. Terry Duffy, AUEW president, made it clear that the union would be seeking rises in line with the increase in the Retail Price Index. On present levels, that would indicate a rough target for the skilled workers' minimum time rate of close to £90 a week.

NGA faces serious financial problems

BY JOHN LLOYD, LABOUR CORRESPONDENT

SERIOUS financial problems now confront the print craftsmen's union, the National Graphical Association, which has paid out more than £1.8m in dispute benefits over the past 15 months.

These problems could seriously limit its ability to pursue industrial action, delegates at the NGA biennial conference in Blackpool, heard.

The association paid out over £611,000 to its members during the stoppage at Times Newspapers last year, while more than £1.2m was paid to members locked out for four to five weeks during this year's dispute with provincial newspapers and general printing companies.

A levy raised around £700,000 towards the disputes fund, leaving a net outflow of more than £1.1m.

The union's general fund shows a deficit of more than £118,000 for the past financial year, and continues to run at a loss. The NGA has had to sell some assets—including £500,000 of Government stocks—and call in short-term loan money to cover its running costs.

Weekly subscriptions will go up from 64p to 90 next month, but Mr. Colin Jones, financial secretary, said that would not be sufficient to solve the outstanding problems. The deficit in the general fund meant that no surplus was available for investments which would benefit the union's provident fund.

Mr. Joe Wade, the union's general secretary, said that following the approaches from the designers' union SLADE, he expected to start amalgamation talks immediately and to agree the principle before the end of this year.

Mr. Wade said amalgamation with the Society of Graphic and Allied Trades would continue, but the problems inherent in such a merger would take some time to resolve.

It now appears that talks between SOGAT and the National Society of Operative Printers, Graphical and Media Personnel, will continue. The National Union of Journalists is thought likely to seek association with the NGA/SLADE merger.

Thus, the two newly created blocks could be in a position to start talks on a final merger to form one print union by next year.

● THE OBSERVER has written to the NGA outlining the cost of its claim. Mr. George Jerrom, the union's national officer, said the two sides were divided by only £700 a week in wages. A meeting between union and management has been set for Monday.

● An invitation has been sent from Sir Dennis Hamilton, editor-in-chief of Times Newspapers to Mr. Joe Wade, general secretary of the NGA. Times Newspapers and the NGA severed negotiations three months ago. Mr. Wade said he would not meet the company while it insisted on reopening talks on computer type-setting.

Dust up outside No. 10

More than 250 charwomen from as far afield as Bath, London, Manchester, Sunderland, Newcastle and Edinburgh, lined up outside Number 10 yesterday to protest against the official "brush off" from Whitehall.

Under Government cuts in public services, they are being made redundant and their jobs handed over to contract cleaners.

Mr. Leslie Moody, general secretary of the Civil Service Union, handed in a letter to Mrs. Thatcher.

Mr. Moody claimed later that one Inland Revenue building in London was using "school kids" to do the cleaning. He urged the Revenue to investigate. If it did not, his union would publish the names of the "guilty men at the Inland Revenue" who encouraged a contract cleaning company to break the law.

● **ROVER TROUBLES:** Rover car assembly at Solihull, Birmingham, will be halted today, with 2,000 workers laid off, because of a dispute at Cowley, Oxford, which supplies the bodies.

Some 400 production workers are staging an overtime ban because of a proposed new grading structure. The problem was exacerbated yesterday when a further 80 employees were disciplined for holding unofficial meetings.

● **SEA RISKS:** The British fishing industry's accident record is poor and should be unacceptable, says a report on the sea fishing industry's training needs.

The survey, by Metra Oxford Consulting, was commissioned by the Sea Fisheries Training Council. It finds that more than half of the 17,000 fishermen in the industry have never had any training in survival, fire-fighting and first aid, and that many school-leavers go to sea without any formal instruction.

● **FERRY STRIKE:** North Sea ferry services from Harwich to the Hook of Holland were hit yesterday by a strike over pay differentials by ships officers. Passengers for the lunch-time sailing were turned away from Pakeston Quay when the men, employed by Sealink, stopped without warning. Sealink is advising passengers to travel via Dover.

● **BEER FEARS:** Brewing at the giant Bass Brewery in Burton on Trent, Staffs, has been halted by a pay row. Supplies of some beers could run out by the weekend.

● **SHOP HOURS:** The Commons' rejection yesterday of a move to extend Sunday trading was yesterday applauded by the Union of Shop, Distributive and Allied Workers, which fears that a relaxation of the law would cause most shop staff to work on Sundays and would increase prices.

Fresh attempt to settle BBC musicians' strike

BY PAULINE CLARK, LABOUR STAFF

FRESH TALKS aiming to end the BBC musicians' strike began yesterday under the aegis of the Advisory Conciliation and Arbitration Service.

The talks, which started with a separate meeting between ACAS officials and BBC management representatives were "only at an exploratory stage."

It is hoped that a solution may be found in time to reprieve the Proms.

The BBC explained the background to the dispute with the Musicians' Union following its decision to axe five orchestras under an £130m economies programme. The BBC says it has been forced to make a saving of £500,000 through cuts affecting its musicians.

The BBC argues that the disbandment of five orchestras amounts to a cut of £1.5m but that much of the money is to be ploughed back into the regional music fund.

The Musicians' Union will argue in its separate meeting at ACAS today that the economies drive has had a disproportionate effect on BBC musicians, according to the BBC's own criteria.

Metro-Cammell strike

BY OUR LABOUR STAFF

TALKS AIMED at ending the four-week old strike by electricians which has halted production of railway carriages at Metro-Cammell in Birmingham were in progress yesterday.

Metro-Cammell said yesterday that the position was "very serious" following its decision two weeks ago to lay off its 1,500-strong workforce because of the strike.

Contracts worth £150m have had to be delayed because of the unofficial strike which is over bonus payments.

The electricians are employed by GEC Traction in Manchester which has a contract with Metro-Cammell.

The 150 electricians—who are said to earn up to £200 a week—carry out the electrical wiring work in rail cars.

They have been dismissed by GEC because of their refusal to accept a more strict bonus scheme in return for a recent 20 per cent wage increase.

Banks 'treat women unfairly'

BY NICK GARNETT, LABOUR STAFF

EMPLOYERS IN the finance industry were accused yesterday of practising widespread discrimination against women.

The Banking, Insurance and Finance Union makes the claim in a report called Women in Banking and Finance, which examines employment and job opportunities for women in the sector.

About 55 per cent of staff in the English clearing banks are women. But most women are in grades one and two, the bottom of the four clerical grades and there are very few women in the managerial grades.

Three-quarters of staff in grades one and two are women. Women form half of those in grade three but only 17 per cent in the highest clerical grade.

The union, which has an equal opportunities committee, says that many employers act as if women are employed only to undertake low grade duties while men are given much greater promotion opportunities.

"While the career-minded young man is told in his interview with the manager about the opportunities for advancement and the importance of getting his professional qualifications, the female new entrant is often not given this valuable information," says the report.

"When it comes to time off for training women are again often treated unfairly. While her male colleague gets opportunities to advance she is often left to stagnate in the machine room and in the more boring jobs.

"Even when a woman progresses beyond the lower grades she rarely gets the same opportunities as men."

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● QUALITY CONTROL

Tests motors fast

THERE HAS for some time been a need for an improved method of assessing quickly the torque-speed characteristics of a motor, or other prime mover, without connecting it to a dynamometer.

Scientists and engineers at the GEC Hirst Research Centre, in collaboration with GEC Machines, have solved this problem by using the acceleration method and exploiting the speed and accuracy of digital techniques and microcomputers. This approach forms the basis of the Torque-Speed Analyser (or TSA) which measures the speed and acceleration of a machine during run up to full speed.

Knowing the intertia, it then calculates the torque-speed characteristic and, in one version, compares the measured data with a previously stored specification. A decision as to whether the machine has passed or failed a given test can then be displayed along with the detailed test results at the operator's discretion.

In principle, the TSA can be used to analyse the performance of electric motors, internal combustion engines, turbines and braking systems. When the TSA is used with motors it complements, and is independent of, steady state testing methods: e.g., the dynamometer. The speed of the TSA method allows many points on a torque-speed curve to be measured before thermal or other effects start to alter the results.

For example, it is particularly useful for ac induction motors where excessive heating can occur during slow or repeated start-up. It is also of interest where transient torque, in the presence of rapidly changing demand, differs from the equilibrium torque-speed characteristic.

The machine is coupled, sometimes to added inertia, but always to a high resolution digital encoder whose output is fed to a binary counter. During the run up to full speed, the contents of the binary counter are sampled by the microcomputer at regular intervals, and the data stored in random access memory. With this information the microprocessor calculates the speed, acceleration and, knowing inertia, the torque. The software can also multiply torque and speed to give the output power at various speeds.

In production applications, the TSA could be used to test many different designs of motor. At the start of the test the operator enters an identification code via a suitable terminal which immediately accesses the specification and value of inertia which has been stored earlier in programmable read only memory. After the run the measured torque-speed curve and power can then be compared automatically with the motor specification and a pass or fail decision given.

Some additional features can be provided which are particularly relevant to the testing of induction motors. In one example, the speed at which the centrifugal switch mechanism operates can be measured for capacitor start and resistance-split-phase induction motors. This is achieved by monitoring the change in motor current during run-up.

Hirst Research Centre, East Lane, Wembley, Middx HA9 7PP. 01-904 1202.

● INSTRUMENTS

Sound can measure

AN ULTRASONIC electronic device intended to replace the conventional tape measure has been introduced by Sonic Tape for use by architects, builders, valuers, surveyors, decorators and estate agents.

Of rectangular shape, 6 inches by 4 inches by 1¾ inches and about 1½ lb in weight, it measures rooms at the touch of a button and is said to be accurate to within 1 inch over distances from 2 ft to 100 ft horizontal or vertical.

The printed circuit is supplied by a 9 Volt PP 6 dry battery and the measurement reading is indicated on an illuminated digital display.

Details from Sonic Tape, 5-11, Worship Street, London, EC2 (01-638 5128).

● PERIPHERALS

Printer is given a long life

NEW PRINT mechanism and new print head give a doubled life of an estimated 200m characters to the latest serial printer from Mannesmann Tally.

The new head, easily and quickly replaced by the operator, has a 7 x 7 matrix and offset magnets resulting in almost straight and frictionless needles. In addition, large-scale integration has put all the electronics on to a single board, resulting in production economies as well as extra reliability.

Nominally a 160 cps printer, the MT 1602 has its performance enhanced by a microprocessor that selects the shortest print path and accelerates the head across blank spaces.

This unit is office-styled and silenced to 58 dBA.

Mannesmann-Tally, 7 Cremyll Road, Reading RG1 8NQ. 0734 580141.

● ENERGY

Helping to save the heat

ONE OF the oldest forms of energy saving, the economiser, is usually a heat exchanger at the back end of the boiler. Basically it is a device for recovering the heat in the gases exhausted from a boiler and, by recovering this heat, the temperature of the feed water entering the boiler is increased.

There are inherent problems, but Gibson Wells says that with a simple design and standard elements which are premanufactured and stockpiled, the economiser it proposes is assembled on receipt of an order, ensuring that it is tailor-made to the requirements of a particular boiler installation.

Traditionally, fuel savings achieved with economisers have been eroded by high levels of maintenance. The Gibson Wells unit is designed to enable low maintenance and easy repair. Simple straight tube modular design has been largely responsible for significant reductions in capital and maintenance costs. Each standard element comprises an inlet and outlet square header connected by a double row of tubes. These elements are assembled to form the complete basic economiser.

In the past, back-end corrosion has posed serious problems to viability of economiser projects and while the use of stainless steel or cast iron tubes can provide a slightly increased life, this solution is not technical or cost effective the company claims. It has overcome this difficulty by raising the temperature of the feed water entering the economiser to above acid dew point (i.e. above 130-140 degrees C) ensuring minimal precipitation of corrosive liquids. Stack temperatures also have to be taken into consideration and therefore gas exit temperatures from the economiser are maintained at a level to suit stack requirements.

Extended surface tubing in the form of a continuous spiral fin is also capable of reducing the physical size of the economiser by a factor of between 5 and 10. Moreover, fabrication techniques which involve the utilisation of non-welded square headers maximise economiser life and also contribute to simplicity of construction.

The economiser can be delivered as a complete flanged package ready for the customer to install himself, or it can be fitted by Gibson Wells. In the case of very limited access, the economiser may be installed as individual elements on site.

Gibson Wells Products, The Old Vicarage, 2 Town Gate, Calverley, Leeds, LS28 5NF (0532 550455).

Two ideas for power from the sea

IN SWEDEN at Gothenburg University research scientists there are proposing to site a string of scaled-up stations in estuaries along Sweden's western coastline to provide part of the nation's electrical power.

The researchers are working on the principle that if a membrane is placed between river water and sea water there will be a natural movement of ions through the membrane until the salt content is distributed evenly on both sides. The movement can produce electrical current.

In the laboratory experiment at Gothenburg thin plastic-like membranes cause the separation of positive and negative ions as the water passes through under its own chemical energy. The minute electrical charges of the ions in the water are then tapped off along wires as an electrical supply.

The research team hopes that it will be able to prove the success of its experiments by building a pilot salinity power station generating 200 Megawatts off the Swedish coast.

When built, the power station would appear as a floating island more than half a mile long and 250 yards wide. It would carry a 1,000-ton surface area of membranes—equivalent to about 60 square miles.

Also in Gothenburg, a group at Chalmers University of Technology is trying to solve the problems of constructing a long chain of concrete buoys, each 25 feet in diameter, along the Swedish coast.

As the waves carry this "linear generator buoy" up and down, it slides along a central magnetic rod and generates electrical current.

● ELECTRONICS

Intel discloses new product plans

REVEALING some early details of new microprocessors, Intel has also warned of the impending dangers for everyone involved in dealing with increasingly powerful products of this kind in increasing numbers.

European general manager Tom Lawrence believes that the technically quaified community simpy may not be growing fast enough and quoted what had happened in the U.S. where, between 1970 and 1980 the number of qualifying Phds had remained stationary at 16,000 a year whereas, for example, the number of lawyers had jumped from about the same 1970 figure to 80,000 now.

"Western world" growth rates for technical people were in the region of 7 or 8 per cent at a time when demand was nearer to 25 per cent.

Intel policy is to make technical utilisation simpler: not only will more hardware functions be embraced by the chip but in addition operating software (and perhaps some applications software) will be stored within the chip as well.

To facilitate wider uses of th devices the company believes that it must take the responsibility for more training and support together with its felow chip makers. It is in the process of building up facilities at the new Swindon location where a £4m investment is being made on a 13-acre site.

Among the new circuits that will be formally announced soon is a single chip micro, the 8051, which it is claimed will outperform other single chip devices so far made available.

The company also plans to extend the higher end MCS-86 micro line to higher performance levels, dubbing the products Mini, Midi and Mainframe.

The latter, designated APX 432, is a complete 32-bit mainframe computer integrated on to two very large scale integration chips. It will be able to support a complete operating system entirely from on-chip resources and basic computing power will be capable of enhancement without major system changes.

More from Dorean House, Eldene Drive, Swindon, Wilts., SN3 3TU (0793 26101).

● METALWORKING

Solders in inert gas atmosphere

HOT GAS micro-soldering unit from Planer Products provides a regulated jet of inert gas suitable for soldering small electronic circuits. Gas flow, gas temperature and gas flow duration can be precisely set on a control unit, ensuring that the heat energy in the gas jet is repeatable and well controlled. Flow rates can be set up to 8 cubic feet per hour, the nozzle gas temperature can be adjusted over the range 150°C to 700°C and duration of gas flow can be set between 1 and 30 seconds.

Typical applications include the attachment of electronic components such as chip capacitors, resistors and small transistors to circuit boards and ceramic substrates and can be extended to soldering meter ligaments and fuses, attachment of leads to quartz and ceramic piezo elements, silicon photodiodes and solar cells, and many other similar soldering situations.

Planer, Windmill Road, Sunbury-on-Thames. Sunbury 86262.

Clean cuts with less noise

IMPROVED plasma arc metal cutting process that operates under water is available from Union Carbide's UK welding products group based in Sheffield.

Ideally suited to numerically-controlled (N/C) shape cutting, the underwater system produces a noise level of 85 dBA or less at normal operating conditions. Conventional plasma cutting typically produces noise levels in the range of 105 to 115 dBA. Underwater cutting also virtually eliminates ultraviolet radiation and fumes associated with conventional plasma cutting.

Steel plate being cut is supported on a cutting table with the plate's top surface two to three inches beneath the water surface. Cutting speed and quality are comparable to that attained with conventional water-injection plasma arc cutting.

A vital part of the fully automated underwater plasma arc cutting process is a device which locates the submerged top surface of the metal plate. The device positions the torch a prescribed distance from the plate surface so the arc can be struck reliably. Accurate height control during underwater cutting is maintained by a sensing device that monitors the arc voltage as in conventional plasma cutting.

Union Carbide, Fountain Precinct, Balm Green, Sheffield, South Yorks., S1 3AE.

● SAFETY

Safeguards the data

SECURE data transmission system that allows up to 16 data channels, each working at 9.6 K-baud, to be handled simultaneously by a single-fibre optical link has been developed by Systems Production (part of the Systems Designers International Group).

A two-way link is provided through two RM5000 units, each containing one multiplexer and transmitter together with one demultiplexer and receiver. Into each unit can be connected a maximum of 16 V24-compatible inputs. The electronics in the two units are identical and are designed to convert the V24 electrical signals to and from optical signals.

For example, to set up a data transmission system, one of the RM5000 units is located adjacent to the computer and the other adjacent to the remote visual display units. Using 250-micron fibre (30dB/km) and visible red transmission, fibre runs of up to about 400 metres between the two units are possible, according to SPL.

The system provides protection against extraneous signals or deliberate jamming. Also, as there are no radiated electronic signals generated by the glassfibre cable, "snooping" is very difficult and data security is greatly improved.

Systems Production, 30 Invincible Road, Farnborough, Hants GV14 7QU. 0252 514941.

● PHOTOGRAPHY

Detail made sharper

FOR APPLICATIONS in electronics design, mapping and drawing reproductions generally, HDS 1 p (0.10mm Gevar polyester base) and HDS 3 p (0.18mm) are orthochromatic films of very high contrast. Designed for exposure in camera, printing down frame or plotter, they are suitable for lith processing by tray or machine.

Three special properties of the new films offer advantage in sharpness, dimensional stability and speed of production. The emulsions used include a "sharpness dye," which minimises light scatter — and guarantees optimum line sharpness. Low gelatin content improves dimensional stability performance. Although the combined emulsion and adhesive layer is exceptionally thin, the film produces images of high density.

Agfa-Gevaert, 27 Gt. West Rd., Brentford, Middx. 01-580 2131.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Oil recovery?

BY H. L. DOUWES DEKKER

Scraping the Barrel: the worldwide potential for enhanced oil recovery, by Ray Dafter, Energy Editor, Financial Times. Published by Financial Times Business Information, price £72, or $165 overseas.

THE WEALTH of information that Ray Dafter has gathered on oil reserves, costs of alternative *energy sources, details of the* various enhanced oil recovery processes, *and* historical and political background informa*tion on individual countries* makes this book a very useful reference *for the future*.

Its main attraction, however, is the way in which all this material is presented. Because of his excellent contacts with representatives of Governments, universities, the *Shell* Group and other international oil companies, *Dafter* has been able to update and screen the available *information* in personal *interviews* and to place the various *aspects* in the right context. Notably the numerous quotations of leading authorities make the book very lively and interesting.

In a systematic way the technical risks and the numerous uncertainties and constraints connected with the application of the more exotic enhanced oil recovery techniques are discussed. After a careful weighing of the often widely diverging specialists' opinions, Dafter finally presents his own scenario for future oil supply.

It is based on the assumptions that:

— (a) By an extensive exploration campaign, gradually the amount of discoverable conventional oil in situ will grow up to a value of 6,200bn barrels. This implies an increase of some 75 per cent compared with the *prevailing "proven"* figure of say 3,500bn barrels.

(b) By a successful research programme, a real breakthrough *will occur, which* will make it possible to increase the recovery factor, from the current average value of say 35 per cent *(which at the moment* can be achieved by proven *methods) to a value of 45 per* cent. (At the world energy conference in 1977, *most* specialists expressed their *opinion* that probably only in industrial countries could a figure *of* 45 *per* cent be reached, but that the world average would probably be 40 per cent only).

In this way, Dafter arrives at a figure of 2,800bn barrels (that *is 0.45 x 6,200*) for the total amount of conventional oil which ultimately can be produced in the world. With a current cumulative oil production of 400bn this implies remaining conventional oil reserves of 2,400bn barrels, which is some 1,750bn barrels more than the current "proven" remaining *reserves of 650bn* barrels.

Accepting further that from very heavy oil, tar sands and shale oil, some 600bn barrels can be produced, in all these reserves would be sufficient to support a further increase of world oil production from the current 62m barrels a day up to a peak of 90m barrels a day in 1990, followed by a gradual decline *thereafter*. In 2040, the production will dip below the current level and the tail production will last up to the year 2150.

Ray Dafter's overall oil reserves figures, although somewhat optimistic certainly fall within the range of possibilities in the longer term. However, in the *short* term, most oil companies are far more pessimistic *and* consider this scenario too ambitious. The technical risks *are considerable and there are* a number of constraints that *will inevitably inhibit the progress* of full-scale commercial *enhanced recovery projects*.

These might arise from a *shortage of materials, skilled* manpower, investment funds, pollution *of the environment*, too heavy competition of alternative energy sources, etc. Consequently the oil companies believe that it is more realistic to assume that world oil production will level off in the late eighties at a lower level of some 80m barrels a day and perhaps start to decline somewhat later than assumed by Ray Dafter.

The book ends with a strong plea to *governments and the* energy industry to educate the public far more extensively about the future of the oil industry.

There is a danger, in the current uncertain supply situation that the public will be given the mistaken impression that the oil industry is about to expire. This mistaken impression may not only harm investor confidence in the industry but also influence the perspective of school leavers choosing a career in the oil industry, thus aggravating the already existing problem of shortage of highly skilled personnel.

H. L. Douwes Dekker recently retired from the exploration and production division of Royal Dutch/Shell, where he had particular responsibilities in secondary and tertiary oil recovery activities.

A trial marriage of mining mania and preservationist pressure

Paul Cheeseright on an American experiment aimed at streamlining the exploitation of natural resources

"WHEN THE right hand doesn't know what the left is doing, and when both are attached to the long arms of federal, state and local governments, the result is usually inefficiency, waste and frustration for all concerned."

That would be an impeccably orthodox, even banal, sentiment for a U.S. businessman to make, especially one involved for years with the bureaucratic struggle to exploit America's rich natural resources. But it actually comes from a government civil servant: Robert Siek, deputy director of the Colorado Department of Natural Resources. He knows at first hand the frustrations of bureaucracy.

Colorado has more experience than most states in dealing with the combined pressures and red tape of private industry and the various levels of government—not to speak of social pressures—since it is heavily involved in the extraction of raw materials.

Not only is the state one of the most active in the U.S. in metal mining, but it is also a traditional uranium area—it supplied the uranium for the Hiroshima atomic bomb—and its coal resources are among the *biggest* in the *U.S.* So Colorado is playing a significant role in America's plans to reduce its dependence on *imported oil*.

As with the exploitation of *Colorado's metal deposits*, the crucial question now faced by *the Federal and State governments* is how to reconcile two sets of goals: on the one hand, the need to exploit mineral products—the base of modern industrial activity—and at a profit to the mining companies; and on the other, a group of social objectives, for the most part connected with care for the environment.

During the 1960s, under pressure from the growing environmental lobby, the U.S. Congress passed a string of Acts dealing with clean air, clean water, preservation of flora and fauna, and the safety of those working in the mines. To enforce the Acts, agencies were established to promulgate regulations and see to their execution. But no coherent policy evolved. Each Act restricted further the freedom of the mining industry.

The result has been a planning nightmare. "You need a hundred different permits for a new mine," complained one mining executive. And the problem has been compounded by the fact that the enforcement agencies were pursuing isolated goals, not necessarily seeking to relate one aim to the rest.

It has been the lack of coordination which has troubled businessmen — and *indeed* Robert Siek also. The sluggishness *of the official system has* angered them. And in the background *there* has always been the fear that, however plans for *new projects are presented* and whatever the official reaction to *them, private* litigation could still hold up development.

"We waited five years for word that prospecting permits were ready for final processing," says Thomas Walthier, vice-president, exploration, of St. Joe Minerals, referring to federal land adjacent to one of its lead mines in Missouri.

And, in Minnesota, Amax, the $2.87bn U.S. mining and metals group, has been stalled for six years at a copper-nickel deposit.

"As soon as the project was announced, the proposal came under heavy pressure from a group of 26 environmental groups. In response, the state of Minnesota ordered a complete environmental impact statement and before that started, also ordered a regional environmental study of possible development of a nickel-copper industry," says John Goth, an Amax group vice-president.

"*The* order *for the* regional study included a proviso that there would be no *site-specific* approvals given to copper-nickel *development until the three-*year regional study was completed. In the *meantime*, development of this project has *stopped pending completion of* the study and definition of *Minnesota state policy with* regard to copper-nickel develop*ment*," he explains.

Guinea pig

It was scarcely a surprise then that Amax agreed to be the *guinea pig in an experiment* designed to soften the edges of *the planning process*, and to reconcile the opposing factions *that crowd around* any planning application.

Colorado is the site for the experiment. There, in Gunnison County at *Mount Emmons, near* the township of Crested Butte, Amax found molybdenum in 1977. It is a valuable deposit, a welcome addition to Amax's bank of resources for development later in the decade, when the demand for molybdenum as a strengthening element in special steels will have increased and when the uses for what is known as the "space age metal" will have extended through, for example, the chemical and paint industries.

The state of Colorado invited Amax to take part in what is now called the Colorado Joint Review Process for Major Energy and Mineral Resource Development Projects, or more handily, CRP. Essentially CRP is a co-ordinating exercise, a sort of permanent planning committee.

A giant dragline: to Amax, it symbolises efficient production; to environmentalists and many planners, only a threat

At each of the three levels of *government*—federal, state and county—there is one body *which acts as the "lead agency." It* is responsible for bringing *together the different demands* on the project from all of the *bodies acting at its level of* government. A representative *from each of the three lead* agencies sits on a committee *with an Ammax representative.*

The existence of the com*mittee does not absolve Amax* from the need to seek a host of *different* permits, but it does provide a mechanism for seeing that the same work is not done twice because of overlapping demands. It provides a warning system of the needs of government and of the demands of the company.

On the committee is a representative from Gunnison *County, Gary Fisher, of the* Colorado department of natural *resources, together with a* ranger from the U.S. Forest *Service*. The committee *is* chaired by Dorothy Johnson, a *Gunnison County administrator.*

"We help to co-ordinate the *scheduling of public hearings*, public comment periods, the reviews of permit applications and reviews of environmental *impact statement among* all involved agencies. The basic concept is for CRP to co-ordinate the permitting process and distribute information," says Ms. Johnson.

It seems such an obvious thing to do that it is surprising nobody has thought of it before. But the idea—in a society highly charged with competing social and bureaucratic interests—was original enough for the U.S. Department of Energy to support it and provide a grant of $108,000, which covers the preparation of a manual to tell authorities in other areas how to handle their planning.

For an experiment of this kind Mount Emmons had all the right qualities. For a start it dealt with a strategic metal, whose uses are growing—thus there is a national economic interest involved. Then the deposit is in a mountainous area which has become a favoured recreation ground, especially for ski-ing.

Crested Butte is an old mining town which, of recent years, has attracted articulate immigrants from the major cities of the east and west coasts who have not come to find a mine on their back doorstep. On the other hand there are *those who see the mine as a* catalyst for economic growth and employment. But those who want growth do not neces*sarily want it uncontrolled*, and do not want a boom town which goes bust in 20 years.

So there are enough different *pressures at work to make* the Mount Emmons case an ideal *study model for the CRP.* If it works it could set a precedent for other resouce developments throughout the U.S. But the committee itself is neutral.

Gary Fisher notes that not only does the CRP have the objective of trying to make the bureaucratic process work, of trying, as he puts it, "to expedite decision-making," it can also improve the quality of environmental review. It provides an additional opportunity for the involvement of the public in the planning process; it can identify contentious issues before they reach the point of conflict. And this last point *also applies to conflict* between different government *agencies. If there are problems* they can sit down and talk. "*Oddly, in the past, this* was not done very much," says *Fisher*.

But, as Gary Fisher stressed, *the CRP does not solve the* planning problems; it is an *organised framework to deal* with their complexities. "Everybody gets something out of it. Everybody has to give up something."

Amax does not necessarily save any time by taking part in the CRP, explains David Delacour, a group executive closely involved. If everything went smoothly without the CRP, no time would be saved. But nothing ever does go smoothly.

"We hope to have the various agencies considering the processes simultaneously. The agencies can concentrate on their own particular aspects, confident that other aspects of the project are being considered.

"The CRP involves the public in the early stages of the process. We hope that will help to avoid litigation. We could save two or three years on this alone. There's no guarantee there won't be litigation, but it's less likely," David Delacour says.

So far the CRP has moved far enough to fulfil the expectations of those taking part in it. It was established by formal agreement and a time schedule laid down.

The participants assumed, as Gary Fisher explains, "*a positive critical path through the* process." *This does not pre*suppose that the various government *agencies will give* approval but, adds Gary Fisher, "*we do it this way because the* goal of the process is to eliminate negative loops."

Morass

So far the project is on schedule, Delacour says. This year, work continues on the design of the mine and its processing facilities. Plans will be provided so the U.S. Forest Service can complete its obligatory environmental impact statement. By 1981, all being agreed, official approvals will start coming through, and mine construction could start. Amax hopes that the first production would be by the end of *1987*.

It is, of course, a long time to allow *for the planning* procedure to work smoothly. But there is a good *deal at stake. If* it works then a practical means *will have been found to seek a* way of reconciling at local level policy *contradictions* which exist at national level.

It signposts a way out of the planning morass by laying down a *programme* for others to follow. It could have wider application than the Energy Mobilisation Board sponsored by the Carter Administration to short-circuit planning delays on projects which could eventually reduce U.S. dependence on imported energy; the EMB will cover only a limited number of projects. It could soothe the chafing relationship between the industry and government, with significant implications for building up domestic mineral production at the expense of imports.

Business courses

Management Accounting, *London*. July 18. Details from The Registrar, Charterhouse Management Courses, 40 Charterhouse Square, London *EC1M 6EA*.

The China Briefing, Brussels. July 3-4. Details from Management Centre Europe, avenue des Arts 4, B-1040 Brusels, Belgium.

International Programme for Senior Executives, Switzerland. August *25-29*. *Details from* Centre d'Etudes Industrielles, 4 chemin de Conches, 1231 Conches-Geneva, Switzerland.

Modern Management Techniques, Cranfield. August 31-September 5. Details from Cranfield School of Management, Cranfield, Bedford MK43 0AL.

Computer Graphics 80, Birmingham. August 12-14. *Details* from Online, Cleveland Road, *Uxbridge UB8 2DD*.

Understanding Production—for non-production managers, Uxbridge. September 1-3. Fee: *£250. Details from* The Secretary, Brunel Management Programme, *Brunel University*, Uxbridge, Middlesex UB8 3PH.

Management of Finance in Construction Companies, Slough. September 2-4. Fee: £270 (plus VAT). Details from Urwick Management Centre, Baylis House, Stoke Poges Lane, Slough, Berkshire, SL1 3PF.

The Fundamentals of Finance and Accounting for Non-Financial Managers, Brussels. August 25-29. Details from Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium.

Techniques for the Experienced Manager, Bradford. July 13-25. Fees: £520. Details from The Programme Secretary, The University of Bradford Management *Centre, Heaton Mount*, Keighley Road, Bradford, West Yorkshire, BD9 4JU.

***Computers*—Successful First Time Use**, London. September 9. Fee: £60 (plus VAT). Details from Management Studies Centre, 5 Victoria Street, Windsor, Berkshire, SL4 1EZ.

THE PROPERTY MARKET BY MICHAEL CASSELL

Rental outlook—debate hots up

A "DISTINCT acceleration" in rents after the recession and the possibility of an improvement in the historic rate of average rental growth throughout the next decade is the response from at least one corner of the City to last week's pessimistic package of forecasts from the Property Advisory Group.

Brokers Quilter Hilton Goodison, who follow property matters as closely as anyone, say they go along with many of the Group's projections about low levels of development and the failure of rents to keep pace with inflation over the short-term, but they part company with the PAG when it comes to post-recession prospects.

Quilters say they agree that prospects for new schemes over the next couple of years do not look very exciting and that the immediate outlook for rents may not be much better. But they disagree with the Group when it says that rents will continue to grow below the rate of inflation once the UK economy begins to revive.

The brokers point out that such a trend has certainly not been the case in the past. Even after the last major recession—the worst since the 1930's—rents revived quickly.

The brokers add: "This really does prove the point made by the Group earlier in its report that the development cycle is out of phase with the economic cycle because of long development lead times and so contributes to periodic over- or under-supply of space.

"This being the case, and assuming a slow-down in development activity for two years while recession lasts, we envisage a continuation of the cyclical pattern of rental growth, with a distinct acceleration occurring in 1982-83 but with the long-term historic average of 10 per cent per annum compound being comfortably equalled or even exceeded over the next decade."

Quilters seem as bullish as the PAG was bearish. They go on to say that because the last recession (albeit coupled with ill-timed government measures) had such a horrific effect on the property and banking world, caution remained the watchword throughout the subsequent period of economic recovery.

So who has got it right? Quilters are basing their forecasts on historic trends and clearly believe that the industry will be back to its old—if not improved—self after an enforced period of retrenchment. The PAG—not exactly bereft of property experience—believes the industry's marketplace is in for significant and irreversible change.

DLT 'defects' in the firing line

JOHN HEDDLE'S Bill calling for the repeal of a large part of the 1976 Development Land Tax Act represents little more than a cry for help. It does not—as he and his supporters would be first to admit—provide a comprehensive solution to developers' complaints about DLT legislation.

Mr. Heddle, MP for Lichfield and Tamworth, has attacked the Act on three basic counts but there are major contradictions in his approach. In one breath he wants to do away with notional valuations upon which DLT is calculated, yet at the same time he wants early assessment of tax liability, which cannot be calculated upon anything but a notional value.

At the centre of developers' difficulties is the concept of "deemed disposal." This is the mechanism by which district valuers calculate the improved value of a site once land has received planning permission. It is upon the difference between this notional valuation and the actual price paid for the land that DLT is charged at a rate of 60 per cent.

The housebuilders' case is that the tax should not be paid on a "fictional" valuation but on the real profitability of a completed scheme with the liability charged to corporation tax. This still leaves the problem of assessing the land value of a finished development but at least it would be calculated on real sums, say the housebuilders.

Commercial developers, however, in demanding an earlier assessment of tax liability—presently DLT calculations are not triggered until building work commences and a developer is financially committed — appear to have accepted that the concept of "deemed disposal" or some notional valuation should remain embodied in DLT legislation.

They fear that by postponing asessment until a scheme is completed DLT will become an additional tax on development profits, rather than simply a tax on land price gains, notional or otherwise.

It is in trying to satisfy the opposing views of housebuilders and commercial property developers that Mr. Heddle's Bill contradicts itself. However, his proposals that developers should be allowed to offset, against DLT liabilities, losses on sites where land values have declined or where developments are unprofitable have been widely welcomed by the industry.

In the event there is unlikely to be sufficient Parliamentary time to debate Mr. Heddle's Bill, which is little more than a tactical manoeuvre to draw Government attention to an Act which "makes no distinction between profits earned in the course of development and purely speculative or windfall gains."

But if Mr. Heddle and his supporters are to achieve their true aim—a major Government review of DLT—then the property world will have to try and reconcile some of its differences between now and the next finance bill.

ANDREW TAYLOR

Wimbledon week for CUP

COMMERCIAL UNION Properties is planning a major town centre scheme for Wimbledon. The site, in Wimbledon Hill Road, has been earmarked for development for some years and the project will provide 43,000 sq ft of shopping, including two large units, and 115,000 sq ft of office space.

CUP, which this week also said it has let a further 33,000 sq. ft. of space at 54 Hagley Road, Birmingham, and is asking £4.90 a sq ft for the remaining 32,500 ft, has lodged a planning application for the new Wimbledon complex. The move comes after a succession of land purchase deal, most notably the acquisition of Laing Properties' interests in the site.

Discussions with W. H. Smith and another major retailer are already in hand concerning the large retail units and the proposals also include new premises suitable for Ind Coope and Lloyds Bank, at present located nearby.

Barclays in City deal

GUS PROPERTY Management have let the whole of Chatsworth House, St. Mary Axe, EC3 to Barclays Bank for the full asking rent of £600,000 a year.

Totally clad in distinctive bronze-tinted toughened glass, the 40,000 sq ft building is one of several office developments being built at the northern end of St. Mary Axe.

GUS acquired the freehold of the site, at the junction with Houndsditch, from the City Corporation in August 1977, having previously owned and bought in several leasehold interests. Development started in December of the same year.

The building was let shortly after full-scale marketing by agents Edward Erdman began and Barclays, represented by Richard Ellis, plan to use the office accommodation for its London eastern local head office and for some subsidiary companies within the group.

Located just across the road from the present Greycoat-Standard Life development, Chatsworth House is in one of the fastest developing sectors of the City and the £15 a sq ft rental will be seen as a healthy figure for what has been regarded as a fringe area.

The building comprises 33,040 sq ft of office space on five upper floors, with a ground floor reception. There is also a 3,700 sq ft showroom.

IN BRIEF

BECHTEL HAS agreed to take a short lease—maximum period three years—on 46,000 sq ft of Hammersmith office space in a building developed and part-occupied by Trafalgar House. The rental of £12 a square foot was the highest achieved in the area.

The U.S. construction group, which already has offices adjacent to the Trafalgar House building—itself next door to the Cunard Hotel—needs extra space to handle a major Far East contract. Meanwhile letting agents Herring Son and Daw are offering a further 12,000 sq ft on similar terms in the building.

● Royal Insurance is to develop a £15m trading estate on the Burtonville industrial complex at Manchester. The 27-acre scheme's first phase of 132,000 sq ft—there will be 450,000 sq ft in all—will be ready by 1981. Conway Relf acted for vendors Burton Group while St. Quintin advised Royal.

● St. Martin's Property Corporation have paid £7m for the leasehold in Frome House, Bristol from AP Bank. Hartnell Taylor Cook acted for St. Martins in the acquisition of the 132,000 sq ft office building which will be available for letting in early 1981. AP were advised by A. J. Hines and Jones Lang Wootton.

● Scottish Widow's Fund has paid £5½m for the 69,000 sq ft freehold office building at 1258, London Road, Norbury, in south London. The private vendor was represented by D. E. and J. Levy and Jones Lang Wootton acted for the buyer.

● Wyndham Investments, the property holding company of Allied Breweries Pension Funds, has paid £3.35m for the long head-leasehold on 2, Albert Gate, SW1. The property is let at a rent of £158,000 a year and underlet at rents totalling around £203,000. Debenham Tewson and Chinnocks acted for Wyndhams while Michael Lawrie and Lambert Smith acted for vendors Allied Commercial Exporters.

● English Property Corporation has paid £3m at auction for 1.1m square feet of freehold warehouse premises formerly owned by the Ministry of Defence and located at Hartlebury, Worcestershire. Wednesday's auction was conducted by Edwards Bigwood and Bewlay.

● The Commission for New Towns has sold Tewin Court, a 5.2 acre freehold warehouse and industrial estate at Welwyn Garden City, fully let to Haslemere Estates, to the Stipends Fund of the London Diocese for around £915,000. Chestertons acted for the Fund.

● The Prudential has chosen BSC-savaged Corby as the location for a 50,000 square feet small factory complex. Development should be complete in 1981 and rents are expected to be from £2 a square foot. Drivers Jonas are acting for Corby District Council which has arranged a lease and leaseback deal with the Pru.

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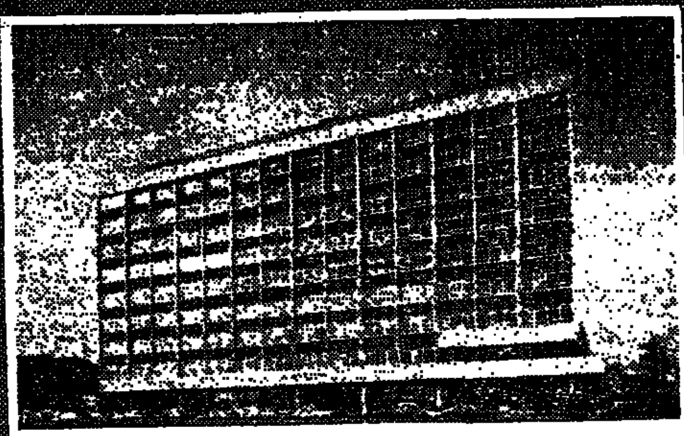

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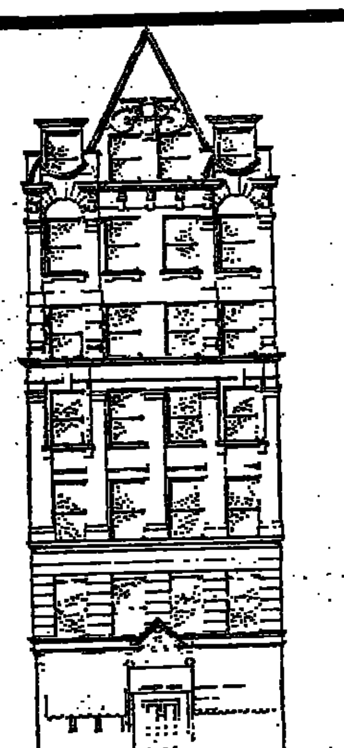

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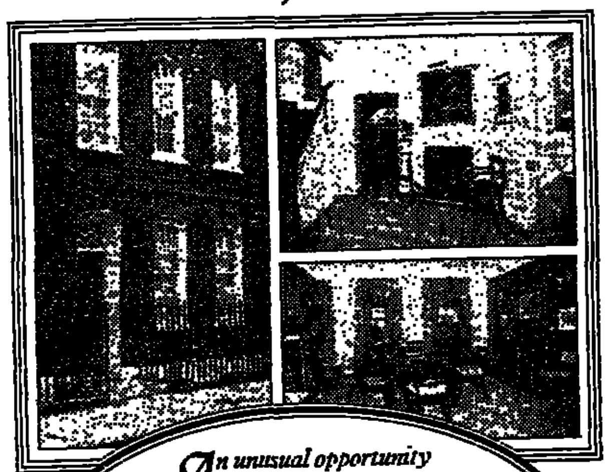

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THE PROPERTY SURVEY

Monday 14th July 1980

The Financial Times is planning to publish a Survey on Property. The provisional editorial synopsis and date are set out below.

1. Introduction
   Since Autumn 1979 the economy has moved against the commercial property market with record interest rates, manufacturing in decline and company profits under pressure. Yet despite these weaknesses there has been no major slackening in demand for space and rents have remained strong. Meanwhile the investment market remains virtually unscathed by depressing short term economic forecasts as the large investment institutions continue to regard property as one of the best long term hedges against inflation.
2. Economy
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The real rate of interest

BY DAVID MARSH

Corporate treasurers with large levels of bank debt and nervous dispositions have just received a nasty statistical jolt from the Bank of England.

British industry is, as has been well documented, in the throes of the worst financial squeeze since 1974-75, caught between the pincers of recession and the \$2.30-plus pound. But there has been one important consolation. At least according to conventional wisdom the cost of borrowing, even of record nominal interest rates, has been negative in real terms on account of the UK's horrendous rate of inflation.

Now the hard men at the Bank have removed even this tenuous source of solace. In its latest quarterly bulletin, the Bank claims that the real rate of interest—based on a more sophisticated method of calculating the underlying level of price increases—has in fact been positive for several months.

The Bank does seem to be basing its reasoning on a somewhat optimistic assumption of the course of inflation during the next few months. But there is more than just an academic issue at stake.

At a time when the economy has clearly entered a deep recession, the Bank's view of where interest rates really are underlines the added urgency of a cut in interest rates if monetary policy is not to become a weapon of mass destruction.

The Bank's chart reproduced below shows nominal three-month interest rates deflated by the levels of "expected" inflation in the UK, U.S., Japan and West Germany. To calculate this latter figure for the latest months, the Bank takes the rise in consumer prices during the previous six months and adds this to the forecast rise over the next half year. For the UK, it seems to be using a figure for the end-1980 inflation rate suspiciously close to the Government's official forecast of 16.5 per cent, now thought by the Treasury itself to be about 1.5 points too low.

Meanwhile, it is interesting to hear the view that even hard-line Treasury ministers have no objective to real negative interest rates as the economy slides into recession.

The Government's feeling seems to be that, at a time of economic downturn, it would be neither unusual nor dangerous for interest rates to come down in advance of a fall in inflation.

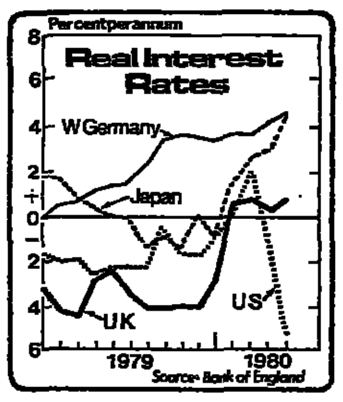
That seems to back up the view that the Government would dearly like to cut MLR next month (when inflation will anyway drop by 3 to 3.5 points as a result of last year's Value Added Tax rise dropping out of the year-on-year comparison). But everything will depend, of course, on a more moderate rate of sterling M3 growth during the June banking month.

Britain's softly-softly approach to interest rate cuts still looks astonishingly cautious in comparison with the U.S., where real interest rates stand well inside the minus zone.

Interest rates in Germany and Japan (where, in contrast to the U.S. and the UK, economic growth is still bouncing along) now look high enough in real terms to allow the Bundesbank and Bank of Japan some leeway in easing their monetary policies later this summer.

The British authorities have so far taken no heed of the drastic climb in the sterling-dollar interest rate differential since Easter, during which time the pound has risen by 9 per cent against the dollar.

But if Germany and Japan reduce interest rates in a month or so, there could well be a fresh rise in the pound and a further build-up of potentially-inflationary overseas sterling deposits. The international pressure for a cut in MLR could then become inexorable.



Coins and stamps boost the revenue

BY JOHN GRIFFITHS

FROM THE government offices on a hill overlooking Douglas Harbour, Chris Tavell combines his mainstream role as Joint No. 2 in the Treasury—he supervises investments—with looking after the production and sale of the Manx coinage. Anyone visiting him is unlikely to escape without buying a "round £1," a presentation pack of Manx coins in circulation, or the latest Manx crown commemorating the Queen Mother's 80th birthday—and, more likely, all three.

A couple of hundred yards away, in his office close to the promenade down which still clatter the island's horse-drawn trams, George Christian, the soon-to-retire director of the island postal authority, presides over a stamp-issuing operation. Seven years ago it did not exist. Now it has 50 staff, is linked to the island government's central computer and services a network of stamp-collecting customers around the world.

Coins, stamps, and notes last year contributed about £2½m in net revenue to government coffers. Since the Government's full year income from all sources is only now cresting the £100m mark, their contribution is a valued one.

Coin issuing on the island—where UK coinage, of course, remains legal tender—predates that of stamps, but not by much. One small issue was made in 1965, but the ball did not really get rolling until 1970, when the Treasury devised a full set of coins and notes for the introduction of decimalisation. Since then, they have provided a steadily

AROUND BRITAIN

ISLE OF MAN

growing income for the island, reaching £1m for notes and £600,000 for coins last year.

While much of the income arises from a small margin for investment left by differences between production costs and intrinsic and face values of currency actually in circulation, it is the stream of commemorative issues and copies of the circulatory coins minted in the higher value metals such as platinum and gold which have placed the island on the collectors' map world-wide.

The bulk of collector sales now comes from a well-organised system of international mailing shots—a list which Mr. Tavell estimates to be approaching 650,000.

The first, 1970, issue of base metal circulatory coins—100,000 of each—themselves disappeared, as did the small reissues which followed each year until another extensive batch was minted in 1975. The following year, the Manx coins at last started appearing in change. In the meantime, thoughts were turned to the collector market, one result being the appearance in 1975 of a set of ½p to 50p decimal coinage in platinum—at £600. That sold quite well, as did sets minted in silver.

Other commemoratives have followed on in a steady stream: the Manx Silver Jubilee Crown of 1977 was sold out before the UK's own was even issued. The latest, the Queen Mother crown, was launched on May 21 and sold 17,500 in the first three days. Of those, 7,000 were sold to the banks at face value for distribution to customers: the others at £1 each, mounted in an acrylic case. By the end of summer, they are expected to be changing hands at £3-£4.

The first round £1s now stand at about £6 and hardly ever change hands in commercial transactions. Like the commemoratives, these also have been produced in precious metals. Altogether, some 20m decimal coins have now emerged from the Isle of Man, as have ½m round £1s and 100,000 minted in gold.


The latest Manx crown commemorating the Queen Mother's 80th birthday and Mail Boats miniature sheet.

The Treasury's activities in this field may have a short past, but with the growing interest of collectors and investors no one doubts that they have a long future. For the Isle of Man, that old phrase about a licence to print money has a rather special meaning.

Under the island's Post Office Act, the postal authority transfers all its philatelic profits to the general Treasury account. Last year it handed over more than £1m. In 1973, the first year of postal independence from the UK, profits amounted to about £¼m. Altogether, some £4m has since flowed into the Treasury. Apart from its definitive stamps — those actually used for mailing — the Manx Post Office now makes four or five commemorative issues a year.

While some islanders feel that might be overdoing it, the postal authorities point to their forbearance compared with the commemorative stamps now being issued about every six weeks in the UK.

Maintaining that balance is important: for unlike currency, commemoratives are much the greatest contributor to philatelic revenues.

Crews Hill is the one to beat

RACING

BY DOMINIC WIGAN

THERE IS highly competitive mid-week racing in prospect again today with afternoon meetings at Doncaster and Lingfield, and the Gosforth Park Cup programme at Newcastle's evening fixture.

Added money of £12,500 is attached to the Gosforth Park Cup and Newcastle has, deservedly, attracted some high-class sprinters for its five furlong centrepiece. Bill O'Gorman's Gypsy Dancer and Abdu are missing from the line-up, but 12 including Crews Hill have accepted.

In a race which seems likely to produce as closely fought a finish as a year ago when Manor Farm Boy scored fourth, O'Gorman and Tony Ives' Crews Hill may be the one they will all have to beat.

Frankie Durr's tremendously improved High Top gelding, who failed to make the grade in three attempts for Ryan Jarvis in 1979, bids for his fifth consecutive victory this evening. A powerfully made bay and not averse to some cut in the ground, Crews Hill can pay a further tribute to Durr's training skills by conceding about two stones to the seven year old Magnolia Lad.

A year ago O'Gorman and Ives, who team up in the big race with Artipiar, landed the Fawdon fillies stakes through that same Tyrant filly. This time they rely on Jade Girl. The American-bred filly, a winner at the first time of asking, is sure to make a bold bid for the double but I doubt if she has the speed to peg back Disco Dancing.

With Edward Hide required for the Jack Watt's runner Souliotissa in the St. Oswald Maiden Stakes, Joe Mercer has come in for the ride on the Michael Stoute-trained Remnos. If the Newmarket colt's showing on his racecourse debut at York recently is anything to go by, the combination will prove difficult to beat, for on the Knavesmire, Remnos was running on better than any at the end of the Basil Samuel Plate.

SELECTIONS

DONCASTER
3.15—Miss Admington
3.45—Chevington

LINGFIELD
3.30—Gruntled
4.00—Heavenly Chorus
4.30—Gaythorn
5.30—Spanish Dancer*
6.00—Final Call

NEWCASTLE
6.45—Disco Dancing**
7.35—Crews Hill
8.05—Remnos***
8.35—Borisov

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 11.55 Tennis from Wimbledon. 1.00 pm Trefnwyd Priodas. 1.30 Camberwick Green. 1.45 News. 1.55 Wimbledon Tennis. 4.18 Regional News for England (except London). 4.20 Play School (as BBC2 11.00 am). 4.45 The Red Hand Gang. 5.05 We're Going Places. 4.35 The Wombles.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Wimbledon.
7.30 Citizen Smith.
8.00 Athletics — Talbot International Games.
8.50 Points of View.
9.00 News.
9.25 Starsky and Hutch.
10.15 The Lonely War.
10.45 Regional, National News.
10.50 Athletics — Talbot International Games.
†11.20 The Late Film: "The Abominable Snowman," starring Peter Cushing.

All Regions as BBC-1 except as follows:

BBC Cymru/Wales—11.30 am-1.30 pm Golf: 1980 Coral Welsh Classic; 1.30-1.45 Bys a Bawd. 4.45-5.05 Bobol Bach. 5.55 Wales Today. 6.15 Heddiw. 6.35 Join BBC-1 (Wimbledon). 10.15 Week In Week Out. 11.05 News for Wales. 11.06 Golf: Coral Welsh Classic (highlights). 11.36 The Late Film: "The Legend Of Lizzie Borden," starring Elizabeth Montgomery. 1.08 am Weather for Wales.

Scotland — 1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 Living Legends. 10.45-10.50 News for Scotland and National News.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Causeway Folk. 10.45-10.50 News for Northern Ireland and National News. 12.55 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Weekend; Midlands (Birmingham) Straight Talk; North (Leeds) From The Top; North East (Newcastle) Most Heroic; North West (Manchester) Home Ground.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
12.55 pm Wimbledon Tennis.
7.45 One Hundred Great Paintings.
7.55 Mid-Evening News.
8.05 Gardeners' World.
8.30 "Claire's Knee," starring Jean-Claude Brialy.
10.15 Wimbledon highlights.
11.00 Newsnight.
11.35 Man's Estate . . . Thalidomide hero, Terry Wiles, approaches manhood.
†12.05 am The Outer Limits.

LONDON

9.30 am Grey Angels From Small Hope. †9.55 "A Night To Remember," starring Kenneth More and Honor Blackman. 11.55 Beany and Cecil Cartoon. 12.00 The Learning Tree. 12.10 pm Once Upon A Time. 12.30 The Special Child. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 For Maddie With Love. 2.00 Houseparty. 2.25 Friday Matinee: "Bedtime Story," starring Marlon Brando, David Niven and Shirley Jones. 4.15 Worzel Gummidge. 4.45 Runaround. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.30 Looks Familiar.
7.00 Winner Takes All.
7.30 The Other 'Arf.
8.00 Vegas.
9.00 Turtle's Progress.
10.00 News.
10.30 Mary Hartman, Mary Hartman.
11.00 The London Programme: Oil Tankers On The Thames.
11.45 Luke's Kingdom.
12.45 am Close: Personal choice with Rita Tushingham.

All IBA Regions as London except at the following times:—

ANGLIA

9.35 am Halas and Batchelor Cartoon. 9.45 Spiderman. 10.10 Kinbate. 11.00 The Mackenzie Affair. 11.55 David Hand Cartoon. 1.20 pm Anglia News. 2.25 Friday Matinee: "Dayton's Devils," starring Rory Calhoun. 5.15 Struck by Lightning. 6.00 About Anglia. 8.00 The Incredible Hulk. 10.30 Seven Days. 11.00 Friday Late Film: "The Borgia Stick," starring Don Murray. 12.45 am Christians in Action.

ATV

9.40 am Something Different. 9.55 The Master Builders. 10.20 Kosciusko—The Cruel Country. 11.10 The Entertainers (Acker Bilk). 11.35 Action Coastguard. 1.20 pm ATV Newsdesk. 2.25 Movie Premiere: "Winner Take All." 6.15 Leverne and Shirley. 6.00 ATV Today. 8.00 Hawaii Five-O. 10.30 WKRP in Cincinnati. 11.00 ATV Newsdesk. 11.05 The Friday Film Fantastic: "The Blob."

BORDER

9.30 am Untamed World (Yugoslavia). 10.00 Best of Weir. 10.25 Collecting with Curtis. †10.40 Children's Cinema: "Abbott and Costello in the Foreign Legion." 1.20 pm Border News. 2.25 TV Movie "White Feather." 5.15 Fangface. 6.00 Lookaround Friday. 6.30 Superstar Profile (Clint Eastwood). 8.00 The Incredible Hulk. 10.30 Tribute to John Laurie. 11.00 Friday Night Movie: "Twins Of Evil." 12.30 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.25 Stars on Ice. 2.50 The Friday Matinee: Columbo. 6.00 Report at Six. 6.35 Country Comes West. 10.28 Channel Late News. 10.35 Brown Study. 10.55 TV Movie Premiere: "The Other Man" 12.35 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 Techno-Flash. 10.00 The Best of Weir. 10.25 Collecting with Curtis. 10.40 Clapperboard. 11.00 Tarzan. 1.20 pm North News. 2.25 Friday Matinee: "The Constant Husband," starring Rex Harrison, Kay Kendall and Margaret Leighton. 5.15 Emmerdale Farm. 6.00 North Tonight. 6.30 Thingummyjig. 8.00 B. J. and the Bear. 10.30 Points North. 11.30 Reflections. 11.35 Hawaii Five O. 12.30 am North Headlines and Road Report.

GRANADA

9.30 am Sesame Street. 10.30 Look at Life. 10.40 Clapperboard 11.00 The Outsiders. 11.45 A Handful of Songs. 1.20 pm Granada Reports. 2.25 Friday Matinee: "The Greengage Summer." 5.15 Granada Reports. 6.00 Granada Reports. 6.30 This Is Your Right. 6.35 Crossroads. 8.00 Hawaii Five-O. 10.30 Hot Seat. 11.00 Soap. 11.30 House of Horrors: "The Ohlono Box"

HTV

10.10 am Survival. 10.35 Pacific Peoples. 11.00 Sesame Street 1.20 pm Report West Headlines. 2.25 The Friday Matinee. "The Greengage Summer. 5.15 Selwyn. 6.00 Report West. 6.30 Emmerdale Farm. 8.00 Charlie's Angels. 10.35 Press Call. 11.05 The Friday Film: "The Money Jungle."

HTV Cymru/Wales—As HTV West/HTV General Service except: 11.55 am-12.10 pm Cel Cocos. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Antur A Champ. 5.15-5.45 Breakers. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35 The Boys from Horselerry Road. 11.35-12.30 am Mannix.

SCOTTISH

9.30 am Survival Special. 10.20 Clapperboard. 10.50 Morning Movie: "Shootout In A One Dog Town." 1.20 pm News and Road and Weather. 2.25 Friday Matinee: "The Barbarian & The Geisha." 5.15 Mork and Mindy. 6.00 Scotland Today. 6.30 Emmerdale Farm. 10.30 Ways and Means. 11.00 Late Call. 11.05 Late Night Movie: "The Scarface Mob."

SOUTHERN

9.30 am Kum Kum. 9.50 Ukaliq. 10.15 Tandarra. 11.10 Lucan. 1.20 pm Southern News. 2.00 Houseparty. 2.25 "Beach Party," starring Bob Cummings. 5.15 Happy Days. 6.00 Day by Day. 6.00 Scene South East (South East area only). 6.30 Tell Me Another. 8.00 Streets of San Francisco. 10.35 Opinions Unlimited. 11.05 Soap. 11.35 Vegas.

TYNE TEES

9.20 am The Good Word followed by North East News. 9.30 Hands. 9.55 Chopper Squad. 10.40 Clapperboard. 11.05 Survival Special. 1.20 pm North East News and Lookaround. 12.25 Friday Matinee: "The Magic Bow," starring Stewart Granger and Phyllis Calvert. 5.15 Happy Days. 6.00 Sportstime. 6.25 Northern Life. 8.00 The Incredible Hulk. 10.30 Friday Live. 12.00 WKRP in Cincinnati. 12.30 am Epilogue.

ULSTER

10.00 am Best of Weir. 10.25 Collecting with Curtis. 10.35 Cartoon Time. 11.05 Sesame Street. 1.20 pm Lunchtime. 2.25 Friday Matinee: "The Iron Maiden," starring Michael Craig. 4.13 Ulster News Headlines. 5.15 Mork and Mindy. 6.00 Ulster Television News and Sport. 6.30 Untamed World. 10.29 Ulster Weather. 10.30 Witness. 10.35 Friday Film: "Soylent Green," starring Charlton Heston and Edward G. Robinson. 12.15 am Bedtime.

WESTWARD

9.30 am Larry the Lamb in Toytown. 9.45 Clapperboard. 10.10 Sesame Street. 11.10 Chopper Squad. 1.20 pm Westward News Headlines. 2.25 Stars on Ice. 2.50 The Friday Matinee: Columbo. 6.00 Westward Diary. 10.32 Westward Late News. 10.36 Sportsline. 10.55 TV Movie Premiere: "The Other Man." 12.35 am Faith for Life. 12.40 West Country Weather.

YORKSHIRE

9.30 am Animated Classics. 10.15 Cartoon Time. 10.20 The Lost Islands. 10.45 The Secret Lives of Waldo Kitty. 11.10 Chopper Squad. 1.20 pm Calendar News. 2.25 Friday Film Matinee: "The Iron Maiden." 4.10 Cartoon Time. 5.15 Bailey's Bird 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Summer Sport. 8.00 The Incredible Hulk. 10.30 Brass in Concert. 11.15 The Friday Night Film: "Assassin."

(S) Stereophonic broadcast
†Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am As Radio 2. 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 6.03 John Dunn (S). 8.02 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Wimbledon Tennis. 7.00 John Dunn (S) (joins vhf). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 The Grumbleweeds. 10.30 The Organist Entertains.
11.02 Sports Desk. 11.15 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Shostakovich (S). 10.05 Piano Recital (S). 11.00 BBC Northern Ireland Orchestra (S). 11.45 Minimal Music: Steve Reich (S). 12.05 pm Midday Concert part 1 (S). 1.00 News. 1.05 Concert part 2 (S). 1.45 A Brahms Clarinet Sonata (S). 2.10 L'Ecole d'Orphee (S). 3.00 Haydn and Bartok String Quartets (S). 3.45 Building a Library of records (S). 4.55 News. 5.00 Mainly for Pleasure (S) († and mono only from 6.20). 7.00 La Petite Bande (S). 7.10 One Pair of Ears. 7.25 Play it Again (S). 7.30 Surgery on the Mind: The cases for and against psychosurgery, including 8.15-8.30 Interval Music. 9.20 Mstislav Rostropovich (S). 10.00 The Great Prayer. 10.25 Piano Duo (S) 11.00 News. 11.05-11.15 Johann Christoph Faber (S).

VHF only—Open University: 6.00-7.00 am and 6.20-7.00 pm and for Scottish students only: 12.00-1.00 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 8.59 Continental Travel. 9.00 News. 9.05 Desert Island Discs. 9.45 Down the Garden Path. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 A Journey to the Source—The Ganges: a personal report. 11.50 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather: programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour from Manchester. 3.00 News. 3.02 Listen with Mother. 3.15 Afternoon Theatre (S). 4.10 Who's Your Lady Friend? (The story of music-hall star Harry Fragson.) 4.40 Preview. 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Patrick Moore. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

F.T. CROSSWORD PUZZLE No. 4,308

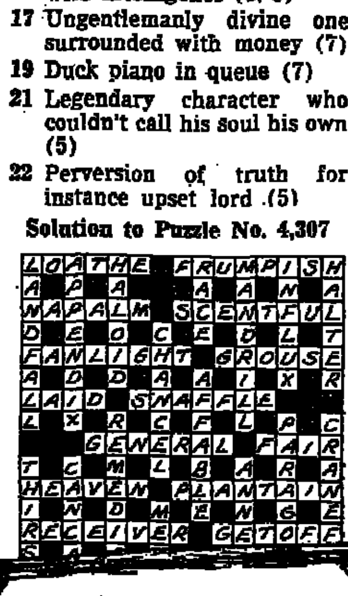
ACROSS

1 Superior set given yard start (6)
4 Chicks motorist lets in (6)
8 Day to keep in ship (7)
9 Morning 50 per cent of anti-aircraft meets novel heroine (3-4)
11 Heavenly body ought to get the others to stop (4, 2, 4)
12 Stone circle parent left . . . (4)
13 . . . another parent joining strike with some hesitation (5)
14 Fool cat leading Enid Blyton favourite (3-5)
16 Swindle holiday isle firm (8)
18 Bound to be on record (5)
20 Note boy getting dressed (4)
21 One point for each courtly player suits rugby team 100 per cent (7, 3)
23 Love letter to cricket club one placed at back of head (7)
24 Woolly directions to consumer (7)
25 Part-time soldiers reach one Pacific island (6)
26 English statesman who offered an island race shelter (6)

DOWN

1 Load vehicle on leave (5)
2 Month soldiers taste initial increase (7)
3 Steer party towards race-track (3, 6)
5 Allowed lieutenant to absorb industrial giant (5)
6 There could be a lot more to organ effect (7)
7 Clumsy actor transferred (3, 6)
10 Insect going to leave (6, 3)
13 Hairstyle dog ignored (6-3)
15 Give birth to bright spark with intelligence (6, 3)
17 Ungentlemanly divine one surrounded with money (7)
19 Duck piano in queue (7)
21 Legendary character who couldn't call his soul his own (5)
22 Perversion of truth for instance upset lord (5)

Solution to Puzzle No. 4,307



ENTERTAINMENT GUIDE

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THE ARTS

Cinema

Missing the myth

by NIGEL ANDREWS

Nijinsky (AA) Empire
Zombies—Dawn of the Dead (X) Classic Haymarket, Classic Oxford Street, ABCs' Fulham Road and Edgware Road
Guyana Crime of the Century (X) Odeons Kensington and Westbourne Grove
The Day Time Ended (A) ABC Edgware Road
The Wobblies ICA
Oxford Film Festival

At least director Herbert Ross got to Nijinsky before director Ken Russell, for whose apoplectic brand of Ars Gratia Artiness the dancer seemed a natural subject. But saved from the devil of Russellian excess, what has happened to the poor genius of the Ballet Russe instead? He has been plunged into a deep blue sea of bio-pic insipidity, courtesy of Ross whose *last film* foray into dance was *The Turning Point*, soap-ballet *par excellence*, and whose *method here is similarly* lush, sudsy and insubstantial.

Nijinsky has eluded the film industry for a startlingly long time, although his *life* is the very stuff of which movie myths are made. On-stage greatness was complemented by a tempestuous off-stage life, incorporating homosexuality and madness. As an added bonus there was the *monstre sacré* figure of Diaghilev, an entrepreneurial Napoleon with puff-adder face and black hair quiffed with white. *The* fascination of the Nijinsky-Diaghilev saga is that it enshrines a real-life Svengali story, proved on the pulse of history and showcasing in close proximity both the liberty and the tyranny of artistic creation.

Visually, Ross has rolled out the red carpet for us. The sets and costumes are gorgeous, from the gewgaw-dripping *fin de siècle hotels and palaces to* the recreated scene and costume designs of Leon Bakst. *But the figures bobbing about* in this landscape are a lot less imposing. Alan Bates as Diaghilev, *pulling the strings of the* story much as Anton Walbrook's impressario did in Michael Powell's similarly-plotted but far more poetic precursor *The Red Shoes*, turns up the volume-knob on his stock-in-trade petulance and *sotto voce* sarcasm, and the result mostly passes muster. But at moments of high tantrum the character needs a touch of the monstrous and Bates, even at high-decibel, is always too much the suave, sly charmer

George de la Pena, an "unknown" plucked from the American Ballet Theatre, makes *Nijinsky* a moody, boy-pretty *ingénu* with a too-querulous line in middle-European intensity. *If Nijinsky really went around like* this, a fretful wet-blanket rather than an artistic fire-brand, he *would, one suspects, have been* thrown over by Diaghilev long before he was both as lover and *dancer.*

Worst of all, though, is Leslie Browne as Romola. Miss Browne *was Ross's youthful discovery in The Turning Point,* where her dancing redeemed her acting. Here, as *Nijinsky's ill-fated* wife-to-be, she acts like a china tea-pot, drippy and waxenly *inexpressive,* and is hardly allowed to don her redeeming ballet shoes at all. Why couldn't we have had an authentic actress in this authentically meaty, near-danceless role?

The final score, indeed, for the whole film is Looks 10, Acting and Dancing 3. The ballets with which Diaghilev's company made history — *L'Apres-Midi d'Un Faune, Petrushka* et at.—come across here as limp, frilly charades: dully *danced, and shot* and edited with ponderous banality by Ross. With the stage performances shorn of any revolutionary excitement, the capping, clapping dialogue—"Tonight we've broken through to an entirely new plastic art form!", etc.—seems even more ludicrous and inapposite than it already is.

Spare some applause, however, for Alan Badel, who floats epicenely through the movie as the Baron de Gunzburg, giving 40-carat treatment to the gold-sprayed comic throwaways. "Ah!" he *says*, admiring a nude male sculpture, "they don't make buttocks like that any more.") And relish too the embattled intensity of Ronald Pickup's cameo as Stravinsky, lassoing a sort of Russian accent and assaulting the ivories like one possessed as he unveils his music for *The Rite of Spring.*

*

If we must have celluloid lunacy, let it be soaring pulp rather than nose-diving pretension. George A. Romero's *Zombies—Dawn of the Dead* belongs firmly in the first category: a two-hour showdown between the living and the undead in a giant U.S. shopping-mall, as four harried humans find themselves cornered in a world turning zombie. The humans are the ones speaking coherent dialogue and loading nervous rifles in their top-floor hideaway; the zombies are the one with greenish faces, rolling gait and a tendency to press their faces against the supermarket glas-doors like locked-*out children.*

Romero here plays a punk variation on his cult classic of twelve years ago, *Night of the Living Dead.* Where that was sombrely spine-chilling in Gothic black-andwhite, this is garishly ghoulish in glorious Technicolor. It's a rude joke at horror movies with a slapstick ferocity all its own. One moment you giggle nervously as the massed zombies break into an impromptu dance spurred on by a surge of supermarket muzak, the next you gasp and wince as a hapless human, dodging through the consumer maze, has a stray limb caught by a straying ghoul.

It's a Sunday Painter's horror film, dilettante but diamond-sharp. Its brightest merit is the jokes it plays with the every-day: a car's windscreen-wipers suddenly smearing blood not water, an ex-Hari Krishna zombie with shaven head and pebble glasses and that enduring look of rapt other-worldliness. For all its violence and plentiful spraying of ketchup, Romero's film is never dumbly catchpenny. It spins us on a corkscrew ride through comedy, satire, tension and horror, its wit always two strides ahead of its bloodlust.

"Dumbly catchpenny" just about sums up *Guyana Crime of the Century, in which fresh* deaths await us, this being the fictionalised chronicle of the *mass suicide of religious cultists* at Jonestown in November, 1978. Mexican director Rene Cardona Junior, who specialises in rushing lurid news items straight into celluloid (last instance *Survival!* the Andes air crash story), has turned a modestly starry cast loose on an immodestly awful script and sat back to watch the results. Stuart Whitman, Bradford Dillman, Joseph Cotten, Yvonne de Carlo are among the gladiatorial thespians so involved, and as one would-be titillating vignette succeeds another—here a punishment by live snacks, there an *al fresco* copulation—the stars take on more and more the tired-and-worried look of distinguished actors who have wandered onto the wrong film set.

*

The Day Time Ended is a film of pristine innocence but comparable silliness. Trapped in a time-warp by the explosion in the night sky of something called a Trinary Supernova, the all-American desert-dwelling Williams family have problems. A homunculus comes and dances on their youngest daughter's bedpost; a green glowing pyramid squats in the stable-yard; prehistoric lizards tussle outside the front door; and Beth and Jenny get swallowed up by a hole in the sky.

They're lucky to have escaped the holes in the plot. Eighty minutes long and sparing all visible expense, this sci-fi fantasy is prodigally absurd, with the most tremulous trick photography I have seen and shaky dialogue and acting to match. John "*Bud*" Cardos directed, and Chris Mitchum, Jim Davis and Dorothy Malone are the hapless stars.

*

The Wobblies (no relation) chronicles the birth of the labour movement in America, with the rise and fall of the IWW alias International Workers of the World, in the early years of this century. Worshippers at the shrine of trade union heroism and martyrdom will enjoy it more than most others. It's briskly, forcefully made — dovetailing interviews, captions, political cartoons of the period — but there's a plodding sense of *deja harangué* about the message.

*

Finally, spare a thought — and the price of a rail ticket — for the Oxford Film Festival. It starts on Wednesday and boasts some snazzy British premieres — *All That Jazz, Being There,* Lina Wertmuller's *Blood Feud* — as well as an Ingmar Bergman retrospective and a Fourth of July fiesta of American classics. Hospitality will be extended to you, at modest cost, in a real live Oxford college. Apply now to festival director Philip Bergson.

Alan Bates (Diaghilev) in 'Nijinsky'

Theatre Royal, Stratford, E.15

A Short Sharp Shock by B. A. YOUNG

What has all the fuss been about? There isn't a thought in Howard Brenton and Tony Howard's *charade* that hasn't been spoken in Hyde Park a thousand times, probably more deeply considered and more amusingly phrased. Everyone knows, the Tories as well as anyone else, that there are factors in the current state of the nation that cause distress to many of the population. Merely to recite them is neither argument nor drama. To suggest that a fatal fire in Newcastle was a Tory responsibility because the victims were using candles when the electricity supply was halted by industrial action is dishonest; to propose that Airey Neave would have approved of his assassins because it was the duty of young soldiers to take strong action is dishonest and distasteful.

The characters in the show are in two groups. One is an assortment of voters, socialists of different brands apart from a swinger who moves over to the other side and back. They play short scenes to show the electorate's opinions about the Government. The other group are the Tory politicians themselves—Lord Home and Lord Thorneycroft plotting the downfall of Mr. Heath: Sir Keith Joseph prescribing his scheme for keeping the population down; Lord Carrington suggesting that he should apply to Ireland the methods used in Zimbabwe; Mr. Prior doing complex conjuring tricks as he explains the Employment Bill to the Prime Minister. At the centre of it all is Mrs. Thatcher herself, imposing her iron will on everyone, until (justifying their existence at last) the first group conclude that all differences must be forgotten on the Left Wing, and a consolidated attack made on the *Government.*

The fatal disadvantage is that as entertainment the whole thing is so monstrously dull—a long, blunt shock is the best it can aspire to. The politicians of both sexes are played by women: Mrs. Thatcher is very well taken off by Gwen Taylor, but others are barely recognisable until they have been introduced in the dialogue. Normally the audiences at this theatre are alert and appreciative; first night they were as heavy as lead. I heard only one characteristic interruption, when a favourable comment on the Communist Party led a gentleman in the circle to shout a very curt contradiction. If a Stratford audience can't be roused by a political play, something is wrong.

Perhaps the authors are trying to write down to a mass audience. This would account for jokes like (of Denis Healey) "A man with eyebrows that big must be trying to hide something," which would barely raise a titter in any public bar I know. Or perhaps the responsibility lies with the director, Robert Walker (an experienced hand with Left-wing theatre), who has the whole thing played in the style of an amateur pantomime. They should drop into Wyndham's Theatre and see what Left-wing satire can be like. What is the point of the vast tank up left in Sue Blane's set? Why isn't the pig that stands on the stage all evening ever properly used? I waited avidly for this bad taste the rumours have promised us. It seems to me hardly detectable.

Leonard Burt

Gwen Taylor

Old Vic

A Midsummer Night's Dream

by ANTHONY CURTIS

The Bristol Old Vic production of *A Midsummer Night's Dream* opened earlier this year when it was reviewed by B. A. Young (Financial Times, February 20). Mr. Young enjoyed the rumbustious humour running through the production—the girls trip up their would-be lovers and pinion them to the ground at the height of their quarrels—and also its stunning visual impact. Both these aspects of Richard Cottrell's lively production translate well to Waterloo Road.

Visually it feels as if we might *be leafing through the pages* of a pre-war story book illustrated by Edmund Dulac or Arthur Rackham. *The* pictures are densely saturated by exotic contrasts of light and shade just as the bodies and faces of the fairy creatures are smeared with black or green paint to show off their glistering, brocaded pantomime costumes. Bob Crowley and Bob Ringwood who are responsible for the sets and costumes have been particularly successful in devising a diaphanous pattern of leaves covering the steeply raked floor of the stage and extending through the backcloth for the scenes in the wood. With shafts of light piercing the inky blackness and playing over hundreds of still *white leaves the atmosphere* becomes truly enchanted.

Within this leafy frame the different orders of being in the play immortal, princes, citizens, mechanicals are sharply delineated but none are permitted to dominate. The lines throughout are played for laughs rather than to extract any fresh nectar from their verbal splendour and the laughs are usually forthcoming. The performances are energetically adapted to this unsentimental, no-nonsense approach, and the play moves rapidly, at times hilariously along. The only surprise is Clive Wood's Nick Bottom who is not the usual grotesque buffoon but a graceful personable and ambitious young man, rather like an Elizabethan Tommy Steele, who wears his asses ears with a difference. He provides a new dimension to the Pyramus and Thisbe story. Puck is played with bounding energy by Nickolas Grace. It is an interesting solid state version of Robin Goodfellow, almost as if this striking actor were limbering up for the Caliban he will one day no doubt give us.

Wigmore Hall

Sheppard's Bach

Because of the lack of a continuous performing tradition dating from the author's time, the interpretation of J. S. Bach's keyboard music will always remain relative, a matter of conjecture, *research and intuition.* Adjectives such as "definitive" or "*authentic*" do not apply—and this can be seen as a liberating advantage, or the opposite.

In three recitals at the Wigmore Hall this week and last, Craig Sheppard gave all of the music in Bach's *Klavierubung* suitable for a single manual keyboard instrument: in this case, the piano. On Friday evening, the second of these programmes *focused on the* Partitas, offering numbers One, Two, Five and Six, paired so *that one minor and one major* key Partita was played in each half.

Most Bach pianists are either architects or fantasists. Sheppard falls into neither category. He seems rather to be an out-and-out enthusiast, which has its own rewards and liabilities. *Impetuous, unstable* tempi and robust textures characterized many of the grander movements, bringing a *heady sense* of excitement along with a not a few carefree mistakes. The quiet, ornamented Sarabandes were delivered with a restless, probing scrutiny, their phrasing alternately limpid and lumpy. In fugal movements, where the subject was usually emphasized to the detriment of the other voices, Sheppard's lack of clear *structural perspective* was most damaging. His bar-by-bar playing is certainly impressive in mechanical terms, but he seems to live Bach's music bar-by-bar too, content to demonstrate his enthusiasm rather than arouse ours by presenting the substance of the argument more clearly.

This still-young pianist will undoubtedly settle into a more cogent, and consequently still more expressive, view of such difficult repertoire. But *for the* time being Sheppard's Bach playing makes one regret the lack of a well developed performing tradition, rather than rejoice in the possibilities such freedom brings.

RICHARD JOSEPH

At the last of Sheppard's *three recitals* on Wednesday, *I* admired the unselfconscious freshness of his freely and good-naturedly impulsive way with Bach. His Italian Concerto was *all half-pedalled staccato basses* and free Romantic pedalling—and everywhere a pedalled staccato touch delivered for the most part with great delicacy and skill. But the *sameness* of the device, and its unrelenting frequency, after the novelty had worn off, was a little wearisome; in the four late little Duets of 1739 (BWV 802-5) it would have been a welcome contrast to hear some real legato in place of just one or two of those keyboard-spiccato clouds.

Sheppard played the 32 bars of the Aria of the Diabelli *Variations, twice repeated,* as beautifully and with as much variety and subtle inflection as I have ever heard them on the piano. Not so many of the subsequent variations lived up to them—except perhaps Nos. 3 and 13, both delivered with a remarkable muscular texturing more than a little reminiscent of Glenn Gould; and No. 17, with its fine-pointed instrumental shading.

But in and among such moments *of inspiration* were mixed many inconsistencies: of touch, switching from staccato to legato and back again in mid-phrase without apparent expressive or structural reason; of dynamic, sudden sforzando bumps and lurches; of voicing, the *accompanying* voice emphasised (wickedly, but not always perfectly c o n v i n c i n g l y, Cherkassky-like) at the expense of the melody (for example, no. 19); and of rhythm—the metre of variation 11 hovered uncertainly (but not, I guess, intentionally) between 12/16 and 3/4. The brilliant variations 20, 28 and 29 *sounded,* quite *simply, unpractised.* The return of the Aria was a compensation—nearly, but not quite, sufficient. A promising *Goldberg,* read from the music, and still too close to the notes, that needs some while yet to mature.

DOMINIC GILL

St. Magnus Festival

Cinderella

The first St. Magnus Festival, three years ago, was the *beginning of Peter Maxwell* Davies's public repayment of the debt he feels towards Orkney, *to the islands which* have fuelled his imagination for the last decade and where he *now makes his home.* The centrepiece of that first festival was *The Martyrdom of St. Magnus, a chamber opera* for an adult audience; but increasingly Davies has tried to involve *the local community and to* produce pieces for amateurs to perform. In 1978 Kirkwall Grammar School gave the first performance of *The Two Fiddlers,* based on a story by George Mackay Brown. Now for this year's festival Davies has produced his own version of *Cinderella,* introduced last Saturday at the Kirkwall Arts Theatre by the pupils of Papdale Primary and Kirkwall Grammar Schools, conducted by Glenys Hughes.

Davies describes *Cinderella* as an opera, "with music designed for performance by and for children." That is the crucial difference between it and *The Two Fiddlers* which, though it made concessions to the capabilities of young singers, was clearly connected with Davies's adult music in its language and procedures. *Cinderella* is deliberately, *almost self-consciously popular:* it must be as much fun to produce as it was to watch. All of the numbers (almost everything is sung) have catchy rhythms and simple, memorable shapes; deft touches of instrumentation and characteristic chord spacings aside, it would be difficult to place its composer.

In Davies's own text, witty *and peppered* with local allusions that delighted the first-night audience, Cinderella has become an *au pair girl,* transported to Kirkwall to slave away for Widow Grumble's appalling punk daughters, Medusa, Hecate and Dargonia. Her fairy godmother is now a lucky black cat—the seventh son of a seventh son. There is still a prince and a magic coach, however, as well as a glass slipper, whose owner has to be discovered *before the opera* can end in general rejoicing and the marriages of Cinderella to her prince and the three sisters to unlikely military men.

There are plentiful oportunities for an enormous cast in this *production (an excellent one, by* Marlene Mainland): Cinderella arrives in Orkney by rail—*artistic licence which provides* the excuse for a stage "train" chorus line; to prepare *Cinderella for the ball, the Cat has a* retinue of 16 kittens, whose costumes must have used up *every yard of fur fabric north* of Inverness; there is also a fully staged ballroom scene. *The solo parts can be taken by* children of any age, though the Ugly Sisters would sound better, *as here, given to boys with* broken voices. Each of them gets at least one solo; there is a *gently sad* duet for Cinderella and the Cat, and several riotous production routines for the *Sisters.*

The Orkney children and teenagers responded to Davies's *splendid gift to them with enormouth* enthusiasm; the resources put into the opera—*a cast of 80 all fully costumed,* an orchestra of 17, and several changes of scene—must have *dominated events in Kirkwall* for several months. Alison Lochhead was a frail, elegant *Cinderella, Louise Grant an* endearing Cat; Andrew Green, Peter Marshall and Simon Chirgwin were *suitably* outrageous sisters. *Cinderella* is likely to be seized upon by any school on the lookout for a spectacular, hilarious project; English audiences can see it in August at the Buxton Festival.

*

With the accent of this year's festival so firmly on youth, the opening concert in St. Magnus Cathedral was provided by Chetham's School, Manchester, a specialist *school* with entry restricted to children of exceptional musical ability. Chetham's *brought a string octet and wind* quintet for a packed, ambitious programme which included three first performances. Maxwell Davies's *Welcome to Orkney* was billed modestly as a "fanfare," but proved to be slightly more than that—a busy five minutes for the full Chetham's complement, framed by an explosive horn call (recalling passages in *The Martyrdom)* and generating quite a lot of heat and some spiky, muscular textures.

ANDREW CLEMENTS

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Friday June 27 1980

Waiting for MacGregor

MR. EDWARD DU CANN, the Conservative back-bencher, described yesterday's statement about the British Steel Corporation as the gravest he had ever heard on an industrial matter in the House of Commons. And it was indeed serious: the implications for jobs, for the future of the Government's economic and industrial policies and for the further decline of Britain's industrial base all have to be considered.

Yet to anyone who has been following the Corporation and the performance of the British economy in general the statement was not entirely surprising. Sir Charles Villiers, the outgoing chairman, has said many times before that if BSC had been in the private sector, it would have been placed in the hands of the receiver long ago. It has been clear throughout this year that the situation has been getting worse, and not only because of the 13-week strike.

Exports

Several factors have combined to make the position more difficult. First the high exchange rate has had an effect on steel exports. Second domestic demand for steel has been so slack that it has proved impossible for BSC to raise prices in line with inflation. Steel-users have been able to shop around for the cheapest available supplies. Third the depth of the recession is now reducing demand still further. Every British steel-using company that goes bust, whether it makes toys or machinery, means another loss of orders to the Steel Corporation. The decline in BL's share of the British car market alone must have had a serious effect. The BSC crisis, in short, cannot be separated from the crisis of some of its customers.

The announcement that the Corporation could no longer live within its cash limits therefore had begun to seem only a matter of time. It has come just a few days before Mr. Ian MacGregor, the new chairman, is due to take office. In these circumstances, Sir Keith Joseph, the Industry Secretary, has taken the only sensible course available. He has refused to accept Sir Charles Villiers' assessment that the Corporation needs an additional £400m this year in order to avoid liquidation, but has pledged that "in the last resort the Government would have to ensure that the creditors of the Corporation had their claims met in full." In the meantime, it is up to Mr. MacGregor to study the situation and to come up with his own proposals for the future of British Steel.

The options are numerous. They include closures, disposals, the partial introduction of private sector capital into BSC itself and the decentralisation of the Corporation in the way that was already being worked on by Sir Charles and the managing director, Mr. Bob Scholey. Most of these options are not mutually incompatible. At the end of the day, there is also the possibility of changing the law to allow liquidation. That would not necessarily mean the end of the British steel industry—some of the parts would undoubtedly be picked up by the private sector.

What is essential is that the situation should be judged without prejudice and without undue haste. One of the reasons why the Steel Corporation is in its present mess is that a previous Conservative Government took what turned out to be a vastly over-optimistic view of the growth of future demand. Today the same danger exists in reverse. It would be possible to reduce capacity too far by estimating demand on the basis of the present recession. Equally, there is a danger of disposing of some of the more attractive assets—which would please sections of the Conservative Party—waiting to see how they relate to the working of BSC as a whole. Not least, there is a fashionable view that Britain can do without a bulk steel industry if the industry has shown that it cannot make a profit. That view should not be accepted as a starting point.

Autumn

The need now is for a fresh eye. Mr. MacGregor needs time, perhaps till the autumn, to make his assessment. He will then have to discuss it with the Government. After that, when the framework for the future is agreed, he should be allowed to manage—without political interference. That, after all, is why he has been hired.

The way ahead for Lloyd's

IT MAY be sad, but it is undeniable, that the informal and highly personal ways of doing business on which the City of London has built much of its prestige and profit over the years are in many cases being overwhelmed by the pressures and opportunities created by the growing demand for financial services round the world. Lloyd's Underwriters, the world's most important insurance market, and the largest single contributor to Britain's invisible exports, has recently fallen victim to a succession of problems reflecting this tension between its traditions of unquestionable good faith and the less gentlemanly practices of the commercial world outside.

Lloyd's traditional form of self-regulation has failed to protect the members of the Sasse Syndicate from severe losses arising out of business which they contend was improperly accepted on their behalf contrary to the market's rules; it has not prevented large write-offs by a number of insurance brokers resulting from the refusal of the world reinsurance market to accept Lloyd's traditional judgment on what constitutes a lawful claim; it has at times appeared to leave underwriters powerless to resist claims that have seemed to be tinged with fraud.

Indispensible

But there are many members of the Lloyd's community who would argue forcefully that, for all their faults, these same traditions of loose regulation have been an indispensable part of the free competitive environment which has enabled Lloyd's to retain its preeminence in world insurance.

The working party under Sir Henry Fisher, which Lloyd's established last year to reassess the balance between regulation and commercial freedom struck in the Lloyd's Act of 1871 was thus faced with a difficult task.

Two excellent principles seem to have guided the Fisher deliberations on the many complex relationships between Lloyd's underwriters, brokers, agents and the buyers of insurance in the world outside. They concluded immediately that "Lloyd's would be best served by a properly conducted system of self-regulation" rather than by any set of rules imposed from outside. The strong preference for selfregulation echoes the conclusions of the Wilson Committee on the City as a whole.

But neither Wilson nor Fisher sees self-regulation as a euphemism for no regulation at all. Self-regulation says Fisher, can only operate in the modern business world where there is a responsible body with the "power to make binding rules and to give binding decisions even in the absence of universal consent" from those to whom the regulation applies. While moral suasion may have been enough to ensure an orderly market in 1871, when Lloyd's had 700 members, more formal and well-defined procedures and powers are required to regulate a market consisting of over 18,000 "names." The Fisher proposal for a governing Council drawn from working members, non-working "names" and knowledgeable outsiders should help to ensure that the rules and procedures which are imposed are in the market's interest but also inspire confidence in the world outside.

This leads to Fisher's second basic principle: "the continued success of Lloyd's depends on the reputation which it possesses throughout the world." In insurance, even more than in any other areas of finance, the principle of "utmost good faith" and the total security of the policy is of paramount importance. This is why the Committee is right in its most controversial proposal, which would require Lloyd's brokers to divest themselves of shares in the agencies which control underwriting.

Urgency

The potential conflict of interest between a broker, who represents the insured, and an underwriter is evident. But it is only in recent years that brokers have taken over control of underwriting syndicates on a sufficient scale to pose a genuine threat to free competition in the market and to the interests of both insureds and underwriters. Even if abuses arise only infrequently, the potential conflict of interest does not contribute to the good name of Lloyd's.

The necessarily extended period over which this and other reforms will have to take place underlines the urgency with which Lloyd's must now set about implementing the Fisher proposals, and working out interim arrangements which will ensure that, in the meantime, the market inspires total confidence and respect.

What MacGregor faces at British Steel

BY ALAN PIKE

ANY lingering doubts that Ian MacGregor will inherit the most poisoned chalice in British industry when he becomes chairman of the British Steel Corporation on Tuesday have now been dispelled.

If all the problems which led to yesterday's latest announcement of the corporation's desperate financial troubles could be attributed to the winter's strike it would be a sign of some hope. But they cannot. The strike certainly made bad worse by leading to a short-term doubling of steel imports and driving traditional BSC customers to seek alternative sources which may become permanent ones. But the deepest difficulty is the quite basic one that, as BSC struggles in the wake of the strike to regain its market share, that market is diminishing.

Every conversation about the future of British steel is dominated by the word MacGregor

In some ways the corporation is making a good job of recovering from the stoppage. Its Redcar blastfurnace—the biggest in Europe—has set new output records since coming back into operation. With demand for steel at present levels, however—consumption in Britain is expected to be between 8 and 10 per cent down on the last financial year—too many broken production records could soon prove embarrassing.

BSC's current strategy, announced in December, has been built around reducing annual liquid steel capacity from 21½m liquid tonnes to a target of 15m liquid tonnes by the end of this year. But it accepted that the three-month-long strike would delay that goal.

To cut capacity it is currently engaged in the costly and socially painful task of reducing its workforce by 52,000. But even before this massive redundancy exercise is complete it has become apparent that the comparatively modest 15m tonnes output target may prove unrealistic.

Mr. Gordon Sambrook, BSC's commercial managing director, has already warned publicly that "it is going to be difficult to find the sales necessary to justify making 15m tonnes of steel this year." Mr. MacGregor, even before becoming chairman, has sounded similar warning about the continuing decline of the market since the strategy was determined.

In steelmaking areas yesterday's announcement that the corporation will fail to meet the current financial year's cash limit of £450m by at least £400m, combined with the Government's stated determination that it still expects BSC to break even eventually, will blend mentally into a prescription for still more redundancies.

Hugh Routledge

Sir Keith Joseph: "It is not a change of policy."

Within days of becoming chairman next week Mr. MacGregor will receive "New Deal for Steel," an alternative strategy for BSC produced by the industry's leading unions. Although the document is as yet unpublished, it will reveal that union leaders fear a drop in output from 15m to as little as 7m-10m tonnes unless the fortunes of BSC are rapidly and radically improved.

Others in the steel industry also doubt whether the 15m tonnes target is viable. Some have already questioned privately, for example, whether the decision to thin down the manning levels of its two big South Wales plants—Port Talbot and Llanwern—rather than closing one completely will prove an adequate solution. But if the worst fears of the unions were justified it would point to a scale of cuts which could close both Welsh plants, and more.

The BSC board's warning to Sir Keith Joseph that unless urgent action was taken the corporation faced liquidation may have contained an element of hyperbole in the sense that a nationalised industry cannot, under existing law, be liquidated like a private company. But the alarm is real enough. Sir Keith was told by Sir Charles Villiers, BSC chairman, of the problem which the corporation was facing in meeting its cash limits in early February, when the strike was about a month old. Yesterday's announcement that the corporation is some £400m beyond the limit comes after the programme of economies introduced after the February warning to try to retrieve the position.

Every current conversation about whether there is any hope for a brighter future in the British steel industry is dominated by the word MacGregor. Every off-the-cuff remark which he has made on his tours of the corporation's plants since becoming chairman-designate has been noted, repeated and analysed.

In some senses BSC is better placed to face the future than before the strike—the redundancy programme is going ahead, productivity agreements are being reached and there are signs that some of the old demarcation lines in BSC plants may be weakening. Mr. MacGregor's hints about trying to take the corporation up-market into more profitable products—and improving quality throughout the range—have been well received. But, as the current state of the market is making it painfully clear, there are many ways in which an organisation like BSC can only be as strong and successful as its customers.

BSC's DWINDLING FORTUNES
Profit/(loss)†

	£m
1974-75	144
1975-76	(129)
1976-77	69
1977-78	(275)
1978-79	(137)
1979-80	(450)*

† Before long-term interest, taxation and extraordinary items.
* Estimated

LIQUID STEEL PRODUCTION
m tonnes

1974-75	20.8
1975-76	17.2
1976-77	19.7
1977-78	17.4
1978-79	17.3
1979-80	19.0*

* Estimated and approximate.

TOTAL WORKFORCE IN 000's

1974-75	228.3
1975-76	210.2
1976-77	207.9
1977-78	196.9
1978-79	186.9
1979-80	170.0*

* Estimated.

The agony of Sir Keith

By JOHN ELLIOTT, Industrial Editor

FOR MORE than six months Sir Keith Joseph, Industry Secretary, has been agonising about providing £25m from state funds to help launch the UK into the micro-electronics industry of the future through the National Enterprise Board's Inmos venture. Yesterday, in a brief Commons statement, he promised an unquantifiable figure of perhaps several hundreds of millions of pounds to prop up the British Steel Corporation's declining business because he has had to accept that it is politically impossible for the Government to persist with a policy of trying to force the steel industry to enter into immediate profitability or into liquidation.

These two issues illustrate the agony that Sir Keith is suffering as he grapples with a host of industrial issues, trying to square his role as the Government's Industry Secretary at a time of recession with that of guardian of its non-interventionist conscience. He is finding it increasingly difficult to live with the consequences of some of his decisions—for example keeping the National Enterprise Board alive and paying out selective regional aid to companies. Consequently, he is beginning to be criticised for indecisiveness and for agonising too long about the contradictions between philosophy and reality.

So far Inmos is the only major decision that has been seriously held up, although several companies report endless delays in gaining approval for what selective aid is still available from Sir Keith's coffers. In addition Sir Keith is still unsure, although seven months have elapsed since the issue was first raised, whether to transfer responsibility for BL, as well as Rolls-Royce, from the NEB to his own department. He has also done little to speed up the Ferranti debate, and there is now concern that, if he does not begin to show some of the speedy decision-making ability expected of a Departmental Minister, other major issues such as ending the Post Office monopoly, selling British Aerospace shares to the public, or agreeing new rules and policies for the NEB will be endlessly and damagingly delayed.

In addition Sir Keith has also himself reopened the tortuous and somewhat unproductive question of "privatising" British Shipbuilders. Within a few months he will have to decide whether to treat the state-owned shipyards, which are making heavy losses beyond their official limits, with the same style of generosity he has bestowed on steel.

Despite his statement yesterday, Sir Keith was insistent that he had not made a U-turn. All he had done, he said, was to extend the period during which the corporation was being subsidised on its road to eventual profitability. "It is just a delay in achievement—it is not giving up an objective," he declared. "We have not flinched from our ultimate purpose," he said. But it is unlikely to be seen in this light by people who have taken Sir Keith at his word when he has talked about not bailing out lame ducks. Allusions to the last Conservative Government's rescue of Upper Clyde Shipbuilders will obviously be made, and some of Sir Keith's followers may well criticise him for not daring to stick to his beliefs and try to put a Bill through Parliament enabling him to wind up the corporation. Sir Keith however said: "It is no good liquidating in the middle of a pending cash haemorrhage—we want to stem the haemorrhage."

From now on, his disadvantage will be that his decision on steel makes his policy of forcing businesses to live in the market with the consequences of their actions look somewhat limp. To assess how much of a U-turn Sir Keith has made however, one needs to separate his problems into at least two categories—those in the private sector and those in the public sector.

In the private sector there is no sign that Sir Keith believes that the Government's policies should change. Suggestions that worsening corporate liquidity means that companies must be aided by concessions on taxation or on the national insurance surcharge are being rejected, as are siren voices intimating that only a pay policy will cure inflation. He may pragmatically trim his stance on the margin by trying to find a small amount of state funds to encourage research and development.

Industry will be helped when interest rates are trimmed, but this will not be seen as a reversal of existing policies of monetary control. A cut in MLR is, however, unlikely to cure the private sector's current problems or halt the deepening recession and Sir Keith and his colleagues will face continued pressure for more help—particularly on the national insurance surcharge. There will also be calls for the Government to show that it understands the industrial consequences of its policies, since many industrialists, while they accept them, are worried that too much damage may be done.

He will have to decide whether the shipyards should be treated with equal generosity

The rescue of British Steel will do nothing to stifle doubts that the Government may eventually give in. It should however be remembered that the public sector has special problems, not least of which are the very tight cash limits set by the Government.

In economic terms, the question of whether there has been a reversal of policy will depend mainly on how successful the Government is in making other spending cuts to cover the hundreds of millions of pounds it is to give to steel. In industrial terms, however, Sir Keith's policy can never look the same again and it now remains to be seen how he treats other nationalised industries and how he reacts to the plans to be drawn up by Mr. MacGregor. One fear is that he may attempt to rebuild credibility later this year by calling for further major cuts in the state-owned shipbuilding industry. Senior Industry Department civil servants seem to be preparing for such an eventuality, even though it would further cut demand for the products of the British Steel Corporation.

MEN AND MATTERS

Scribblers stumped

For the past five years the graffito-artists of Oxford have struggled in vain to make their mark on the walls of a subway under the town's railway station. Pencils and ballpoints have crumbled. Even the most determined wielders of felt-tipped pens and aerosol paint cans have failed to make a lasting impression. But only now is the man behind this attack on artistic freedom prepared to come out into the open.

"Although a number of people have tried to find out who I am," says Philip Rawlins, "I have not revealed myself." The reason, he explained, is that he wanted to be sure of his invention before boasting that he had at last discovered an effective "anti-graffiti process."

Rawlins, a lecturer in design and decoration at Oxford College of Further Education, says the idea first dawned during a conversation with a fellow commuter who happened to be a British Rail area manager troubled by the scrawlings on the station. "That fired my imagination," Rawlins explains, "And I was able to borrow his subway to test my ideas."

The first small area of wall to be coated with his secret concoction—a silver coloured, textured blend—went up shortly afterwards, and as the covering proceeded the scribblers were gradually driven to one small corner of the subway wall. Now they have nowhere to express themselves, even if they wanted to. "People like it," Rawlinson suggests, "so that is another reason for not writing on it."

Plainly unpractised in the ways of business, Rawlins, 38, does not have an accurate idea of how much his development has cost him. Nor does he know what commercial prospects may arise now that he has "revealed himself." British Rail has declared itself well-pleased with the deterrent effect of his process, which he claims costs no more than conventional industrial wall claddings, but there are certain snags. As the inventor admits, the coating could be used only on modern structures—a silver St. Pancras would be unacceptable—and as has happened at Oxford station, depriving scribblers of their underground atelier has tended to drive them into the open in search of more tractable surfaces.

"Notice how they never reduce the fares to anywhere you really want to visit"

City prices

What price a company doctor? That is what the Government wants the world to know of the team of high-powered diagnosticians who have just released their appraisal of the City's ills in the Wilson Committee report.

The rules say, I am assured, that all Command publications must include details of the cost of printing and work involved. Someone blundered, however, and left out this key information from Sir Harold's tome. As a result HMSO has to print an insert for undistributed copies and a new page for subsequent editions. For the information of those who snapped up the first copies, the committee's costs since its inception in January 1977 totalled £334,00. Printing brought the total to a nice, round £400,000.

Ancient mariner

Philip Weld, who left the opposition all at sea in the ODbserver Transatlantic Race, has good reason to be pleased with the outcome. The kindly, 65-year-old, retired newspaper publisher is the fastest and oldest winner ever. But he also has the added satisfaction of taking the wind out of the sails of the pre-race pundits who proclaimed unofficial racer Marc Pajot the winner even before the starting gun was fired.

Standing in for injured Eric Tabarly on the deck of "foiler" Paul Ricard Pajot was deemed unqualified to race. But when it became plain he would sail unofficially, fears arose that should the pundits be proved right, the "official" winner would be left basking in somewhat faded glory.

In a brave attempt to avert the possibility, Weld prepared a petition pleading with the Royal Western Yacht Club to bend the rules and allow all the sailors to race on equal terms. In the event the fears proved unfounded, as Weld may have reflected on the Newport seafront yesterday, when he watched Pajot skulk into Newport in sixth (unofficial) place.

Rats' last stand

The tail-less cat of Man may be an attractive conversation piece, but as a mouser he is a dud. So poor is his record that the authorities on this offshore tax and holiday haven have had to call in the professionals from Rentokil's anti-rodent army, who today launch a 12-month assault on the island's teeming population of unwelcome residents.

Public health inspector Thomas Moore tells me £60,000 has been set aside for the attack. "We felt that after a number of serious complaints we ought to do something. It's not so serious that they are running down the streets, but we do have a tourist trade to think of."

The company is an old hand at mousing and has killed off untold millions of creepies, crawlies, long-leggety beasties and things that go squeak in the night. From its international headquarters at East Grinstead it administers death-dealing contracts in 50 countries and "hundreds" of local authority areas in the UK.

For the Isle of Man's "Operation Pied Piper," says ratting strategist Terry Keegan, Rentokil troops will be on 24-hour standby for all commercial, industrial and domestic complaints.

"Anyone who thinks he sees a rodent can give us a ring," he declares, "and you'll soon see one of our men coming over the hill like the U.S. 7th Cavalry."

Word spinners

Our local authority associations, I am afraid, have not had much joy with their attempt to persuade the Government to make seven changes in part of its new Local Government Bill. On only one point—of terminology, not substance—does Minister Tom King agree that some adjustment may be helpful.

He has written personally to the would-be amenders accepting their argument that the use of the terms "standard expenditure" and "standard rate poundage" may mislead certain authorities.

The accommodating King has thus had his own philology experts concoct forms of words, purportedly more mellifluous and concise. Instead of "standard," he suggests "grant-related, or assessed relevant expenditure," and in place of "standard rate poundage" offers "grant-related poundage, or deemed poundage contribution." Is that clear?

POLITICS TODAY

A bid to tie Britain to Europe

THE BRITISH Government has about two years in which to ensure that membership of the European Community ceases to be much of an issue in domestic politics. That is the result of the Brussels agreement on the contribution to the Community budget at the end of last month. It is an interim agreement which gives some financial respite while a better system is worked out. If it is not worked out, demands for withdrawal seem likely to be resumed at a time when a British general election is approaching.

How is the Government shaping up? The short answer is that these are early days. The only decision that seems to have been taken is that Britain should behave for a while like any other member: hence the relatively low profile adopted by Mrs. Thatcher at the meeting of the European Council in Venice earlier this month. There have been no Cabinet meetings devoted to future European strategy; nor has the subject been discussed by the Cabinet committee on defence and foreign policy.

There are, however, signs of life at the Ministry of Agriculture. Agriculture is by far the largest single part of the problem of British membership. It is the common agricultural policy (CAP) which has done more than anything else to give the Community a bad name in Britain.

The position was summed up by M. Raymond Barre, the French Prime Minister, after the Brussels agreement: "We have a common agricultural policy which was designed for producer countries, for countries with a farming population, for countries capable of self-sufficiency . . . while the country entering the Community (that is Britain) was one that had long since given up major agricultural activity, was an importing country and for very many reasons tied to countries outside the Community and outside Europe."

Moreover, a policy that did not suit Britain in the first place has been made considerably worse by the cost of coping with the surpluses it produces. As the accompanying table shows, no less than 80 per cent of Community spending on agriculture last year went on disposing of surpluses. That amounted to 60 per cent of the entire Community budget.

Thus, if Britain is to come to terms with the Community, the approach to agriculture will have to be changed. Mr. Peter Walker, the Agriculture Minister, has begun to think about how.

Connoisseurs of Parliamentary Question Time will have noticed that a subtle shift has come over the Government's attitude to the CAP since the *Brussels agreement. The policy* is no longer being attacked outright, but only for its abuses. Sir Ian Gilmour, the deputy Foreign Secretary, quoted the objectives of the CAP, as laid down in the Treaty of Rome, in the House of Commons last week with something approaching approval, or at least neutrality.

The objectives are printed alongside this article. They *are open to the criticism that* they can mean all things to all people, *but they are not wholly* bad. The chief problem is how you reconcile section (b), which promises increased incomes to farmers, with section (e), which promises to ensure that supplies reach consumers at reasonable prices. The Community has put the emphasis on the farmers. Britain wants to switch it to the *consumers.* But the most important point is that the Government is now seeking reform by working within the system. It is the first time that any British Government has been in this position.

There are one or two encouraging signs. By allowing Britain to make a smaller net contribution to the Community budget, the Brussels agreement naturally means that others have to pay more. Before the agreement, for example, France was expected to be a small net beneficiary from Community expenditure both this year and next. Now it looks as if France *will be out of pocket by around* £250m in each of those years. *The West German net contribution* has more than doubled to over £1bn in 1980 and even more in 1981.

The fact that other countries now have to bear more of the costs of the CAP may be concentrating the mind. A statement by the Bonn Cabinet on June 4 said: "The Federal Government confirms with *emphasis* the need expressed in the EEC agreements for *existing imbalances in the Community budget* to be evened out at source by structural changes. It also underlines the *necessity that the EEC Commission proposes* before June 1, 1981, effective measures to cut down farm surpluses so that the increase of agricultural expenditure can be kept below the increase of the Community's own receipts."

Perhaps even more strikingly, *M.* Barre told the French National Assembly that the French Government is "well aware that developments in the operation of the CAP call for measures, *for revisions,* not a revision of the principles—and I stress this—but of the manner in which this policy is operated."

It is unlikely that anything very definite will be decided *until the German elections in* October and the French *presidential election next May are* out of the way. Yet, as it happens, that is not an inconvenient timetable.

All the known problems of the Community should be coming to a head in the second half of 1981. The Commission should have produced its proposals, which it was charged to do under the Brussels agreement, for the restructuring of the budget. The Community will be thinking about the possible effects, not least on its financial structure, of the planned entry of Spain and Portugal.

Moreover, the Community's existing financial wherewithal should be running out as its expenditure approaches the limits of the present "own resources" system. *It is agreed* that member country contributions should not exceed the equivalent of VAT at 1 per cent on a harmonised basis.

At the same time, the second half of 1981 should be one of *the few periods* when the Community is free from the pressures of domestic elections *in any of the major member* countries. It will also be the period in which the British Government will have to show *that it can turn the Brussels* agreement into a more permanent settlement. *It coincides* with the British presidency of the Council of Ministers.

The theory at least is that the holder of the presidency can have considerable influence on Community policy. That has not always been the case in practice. But it is true that the presidency can be used to make the policy-making process more efficient. The British will have the presidency at a time when key decisions need to be taken about the future of the Community.

COST OF THE COMMON AGRICULTURAL POLICY

	1975	1976	1977	1978	1979
Cost of disposal of surpluses (£m)	1,610	2,120	2,660	3,890	5,580
ABOVE AS:					
Proportion of cost of CAP. (per cent)	61	59	57	65	80
Proportion of Community Budget (per cent)	48	40	41	47	60

NOTE: The cost of disposal of surpluses has been taken to include export refunds, subsidised sales and other forms of disposal, including agricultural production aids, but not intervention purchase and storage.

Source: Hansard June 19, 1980.

The question is how to prepare for the second half of 1981 while knowing very well that nothing very much can be decided before then, but also that if the opportunity is lost when it comes continued British *membership may prove difficult* to sell to public opinion.

The agricultural offensive, or rather persuasion campaign, will begin in the autumn this year. Mr. Walker plans to organise a series of bilateral, *sometimes multilateral,* but nearly always informal meet*ings with his European counter*parts. They will discuss, and attempt to agree on, future projections of agricultural supply and demand. The aim will be to achieve sufficient consensus to propose, during the British Presidency, a four or five years plan to bring agricultural production more into line with demand. It would set targets for reducing the surpluses and therefore the cost of the CAP.

The details are still far from *having been worked out,* but the hope is that the Continental *members will be sufficiently* alarmed by the present costs *to go along. The problem* countries could be Denmark and Ireland, both of which are major beneficiaries of the exist*ing system.*

Particular reliance is being placed on the Dutch who will hold the presidency in the first six months of next year. The idea is to bring proposals for reform onto the agenda while the Dutch are in the chair and to move towards decisions when the French election is out of the way.

At some stage, the question is bound to arise of whether restructuring the Community budget could not best be dealt with by raising the 1 per cent VAT ceiling so that there would *be more resources available.*

Here the Community is divided. So is the British *Government.* The Germans are against it and said *so again emphatically after* the Brussels agreement. Presi*dent Giscard d'Estaing* of France used to be against it, *but is now thought to be waver*ing.

In the British Cabinet Sir Geoffrey Howe, the Chancellor of the Exchequer, is opposed to any increase of Community spending above the agreed limits and believes that he has his European counterparts behind him. Sir Ian Gilmour thinks that the possibility of going above 1 per cent will be a lever in negotiations. Mr. Walker is more inclined to the view that the lever will have to be used. There is probably no other way of securing agreement on reducing the proportion of Community resources going to agriculture, unless there is to be a new UK resource. The problem has yet to be discussed.

There are, of course, other areas in which the Community could be reformed to make it more suited to British interests. *The development of a common* energy policy is the most *obvious.* But for the moment it is agriculture which is making *the running and it remains the* most important if public opinion is to be won round.

There is another snag in addition to all the known diffi*culties.* The Community has yet to agree on a common fisheries policy. The Brussels agreement set a deadline of the end of this year, but Mr. Walker is by no means certain that a settlement can be reached that will be acceptable to Parliament and to the British fishing industry. If there is a breakdown here, we could be back to the old familiar Community crises even before the reform of the CAP has begun. One way or another, it looks as if it will be the Minister of *Agriculture, fisheries and food* who plays the major role in *determining whether or not* Britain finally comes to terms *with Europe.*

Malcolmn Rutherford

ARTICLE 39 OF THE TREATY OF ROME

The objectives of the Common Agricultural Policy shall be:

(a) to increase agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, in particular labour;

(b) thus to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture;

(c) to stabilise markets;

(d) to assure the availability of supplies;......

(e) to ensure that supplies reach consumers at reasonable prices.

Letters to the Editor

Economic forum

From Mr. D. Wigley MP

Sir,—*It is a matter of extreme* regret that the Institute of *Directors should have poured* immediate cold water (June 18) on the concept of a general economic forum to discuss major issues of concern to all sides of industry. One despairs at the arrogance and inflexibility shown in such a reaction at a time when there is a crying need for persons from all sides of industry to get together in a *constructive environment away* from the place of work to consider major issues.

Does the Institute of Directors really consider that issues such as the relationship between Government pay policy in the public sector and its effect on the private sector, the level of interest rates, or the effect of the parity of the pound on manufacturing industry, can most effectively be discussed at "the place of work?"

There is a crying need for a more *rational approach to* industrial problems than the *failed system which has put us* in our present plight. One only hopes that less reactionary bodies will grasp at the suggested forum and make it work —with or without the contribution of the Institute of Directors.

Dafydd Wigley.
House of Commons, SW1.

Banks and bad debts

From Mr. R. Waldron

Sir,—Mr. Lafferty (June 23) *rightly draws attention to a lack* of uniformity in accounting treatment in an area which one would have thought few problems ought to occur. Nevertheless, there has always existed a difference between a reserve and a provision and a setting aside of a general sum towards possible bad debts is surely a reserve rather than a provision.

In reporting, however, movements both in reserves and provisions are supposed to be shown in published accounts as required under the Companies Acts and these movements are not so revealed in the case of provisions. In the case of many companies they may not be material items while for banks they tend to be important. Nevertheless, banks are not singular offenders and it is curious that this area is one in which accounts seem to ignore the law.

R. S. Waldron.
8 Broadoaks Way, Bromley, Kent.

Musical cuts at the BBC

From the Secretary BBC

Sir,—Mr. Morton (June 25) refers to the last licence fee settlement. Following the Home Secretary's announcement of the licence increase last November the BBC examined all its current operations and future plans and came to the conclusion that cuts would be inevitable in order to live within what the Governors believed to be an adequate licence fee. As has already been made clear, the cuts have been implemented throughout the BBC bearing in mind the overall interest of the licence payer. Although the concern of the music profession is understandable, we do not believe that licence payers throughout the country will support the use of their money to maintain five more orchestras than the BBC needs for broadcasting purposes—particularly if this would mean further cuts in programme output elsewhere.

J. F. Wilkinson.
Broadcasting House, W1.

Mythical strikers

From Mr. V. Stepanov

Sir,—It is truly surprising that a serious newspaper like the Financial Times is spreading unsubstantiated rumours (June 23) about strikes at the Kamaz lorry plant in the Soviet Union.

Since other stories about *strikes at the Togliatti and* Gorki car plants which appeared only recently have already been conclusively disproved, I would have expected any journalist to have been very cautious about accepting another very similar story without rigorous checking. Apparently neither your Moscow correspondent, nor his editors saw any need for such caution.

The intention, in concert with other foreign media directed to the Soviet Union, is apparently to instigate Soviet workers to strike. But these attempts are futile.

Mr. N. Galiullin, chairman of the Kamaz plant trade union committee, has said that the *allegations are a "shameless lie"* and he is in a better position to be informed than your correspondent in Moscow. *Although, it is surprising that* your correspondent did not think to check with the trade union of these mythical strikers. Perhaps, however, that would have spoiled a good anti-Soviet article.

The original report was alleged to have come from Western businessmen recently in the Kamaz plant. The fact is, however, that no such businessmen have visited the plant so far in June when this strike was supposed to be taking place.

The three reports about strikes in Togliatti, Gorki and now Naberezhnye Chelny are so extremely similar that one can only believe they originate from the same Western intelligence factory which is quite evidently not suffering from the general recession in the West but is working overtime.

Vasili Stepanov.
Novosti Press Agency,
2 Pushkin Square,
Moscow.

Anti-nuclear arguments

From Lord Beaumont of Whitley

Sir,—David Fishlock (Lombard, June 24) *seems to get in* as many tangles as those he opposes. (A difference is that we do not on the whole accuse him of dishonesty, he might return, the compliment.) His muddle arises by lumping the whole anti-nuclear movement together and confusing their arguments.

There are basically three main anti-nuclear arguments. *They exist in different combinations* in different parts of the movement.

The first argument is about safety. Here his nomination of "neutrals" is useful. I for one am prepared to accept their evidence. I have, however, one reservation. When we have the best evidence in the world we *are still left with a gap* which no scientific analysis can bridge between those who say: "Man can do anything which is technically feasible" and those who say, "If something can go wrong, it will."

The second is about economics. I will not comment on it further here, since Mr. Fishlock does not.

The third is a political argument as he rightly says. But he seems to think that when he has said that he has said all. But it is the most basic argument of all. *I am on balance anti-nuclear* because I want to live in a devolved society which is not dependent on centralised power—an illuminating phrase—and where I am in the least possible danger either of being held to ransom by nuclear terrorists or of setting up an oppressive and over-security-conscious State authority.

Of course a lot of people muddle the argument and probably a few do it on purpose. But Mr. Fishlock also muddles the argument and he does not even have the excuse that he does it on purpose. As a journalist and a scientist it is his duty to clarify the issue. As a journalist and a politician that is also my duty. Let us do it coolly and in charity.

Tim Beaumont.
House of Lords, S.W.1.

Charges for water

From Mr. A. Ferguson

Sir,—If the Water Charges *Act, 1976, permits water authorities* to charge only for services performed by it, then it could be assumed perhaps that water *authorities could be obliged to* provide water meters?

Now that water is beginning to be quite an item in the home budget, it seems very unfair not to charge according to the quantity of water used. Meters would help conserve water and perhaps diminish the need for more reservoirs.

A. I. Ferguson.
4, Burns Court, Marine Parade, Dawlish, Devon.

Wages we can afford

From Mr. J. Christmas

Sir,—Is it not time politicians defined what they mean by wage claims we *cannot afford?*

If we wish to re-establish the integrity of our currency why *don't* Government, employers and unions quite simply agree that no wage increase *should be* conceded which causes a price increase?

The fact that certain public and private sector concerns may believe they can afford a wage increase because they can increase the prices of their goods and services causes major cost increases for users which many *manufacturers* cannot afford because they cannot increase their prices and survive in competitive markets.

Price increases also provide the basis on which *manufacturers* who cannot afford dearer supplies are confronted with wage claims related to price increases.

The CBI claims that *industry* is struggling with the lowest level of profitability since the war. This is after 10 years of the most rapid price increases since the war. Will we never *learn from experience* that price increases will not increase real profits except in the very short term? Instead they produce escalatory wage claims, shortage of capital, high interest rates, loss of sales, increased unemployment, contraction, bankruptcies, reduced living standards and increasing public sector costs per unit of output.

All these problems would be mitigated if politicians said what is meant by wages we can afford: those which do not cause price increases. Then stabilised prices would provide the framework for meaningful negotiation.

J. F. Christmas.
10 Madison Avenue.
Cheadle Hulme.
Cheadle.
Cheshire.

Payment by results

From Mr. R. Marshall

Sir,—If members of state industry boards (Mr. D. G. Dodds, June 24) *cannot manage* on whatever pay and privileges the Government is prepared (artificially) to guarantee, surely they should seek instead to be paid by results? In private industry reward can be related to efficiency provided shareholders (particularly pension funds) are on their toes with proper criticism of any inflationary or provocative increases in board emoluments in the absence of adequate results.

There are many possible measures of success for state boards. For example, a large element in the pay of monopoly suppliers of electricity might be a bonus related to success in holding down the cost of electricity supplied. The custo*mers' interests are more* relevant that any the Government may (unwillingly) have in this matter.

R. C. Marshall.
25, Danesrood Close,
Weybridge, Surrey.

Management buy-outs

From Mr. E. Cox

Sir,—Nicholas Leslie's article on the growing trend of "management buy-outs" (June 23) highlights an area which is of considerable importance to the economy.

What prevents more of this activity in this country is current taxation legislation which can involve individual managers in large assessments for tax if they acquire equity at a discounted value. Unfortunately, it seems unlikely that this particular problem will be covered by the Government in the anticipated moves designed to help demerging, which is a pity.

Loss-making divisions of major companies can become profitable almost from day one where management has a significant equity stake, and we have seen numerous examples of this. The Government has *already* appreciated that small businesses can play a major role in reducing unemployment and the "management buy-out," with appropriate tax legislation, could be a significant help in this area.

E. G. Cox.
Charterhouse Group,
1, Paternoster Row,
St. Pauls, EC4.

To-day's Events

GENERAL

UK: Mr. Michael Heseltine, Environment Secretary, addresses final session of Association of District Councils conference, Eastbourne.

Mr. John Silkin, Shadow Spokesman for Industry, speaks at Medway Fabian Society meeting, Crown Hotel, Rochester, Kent.

Mr. James Dunn, Labour MP for Kirkdale, on breach of peace charges, Magistrates' Court, Liverpool.

Mr. James Prior, Employment Secretary, opens joinery shop at G. E. Wallis and Sons, Maidstone.

Methodist Conference opens, Victoria Hall, Sheffield (until July 4).

Queen opens rebuilt School of Military Survey, Hermitage, Berks.

Sir Peter Gadsden, Lord Mayor of London, attends functions at Cutlers' Hall, Sheffield.

Overseas: Mr. Edmund Muskie, U.S. Secretary of State, attends five-nation meeting of ASEAN Foreign Ministers, Kuala Lumpur.

Second and final day of European Parliament special budget session, Luxembourg.

EEC Education Council meeting, Brussels.

PARLIAMENTARY BUSINESS

House of Commons: Debate on disbandment of regional orchestras. Debate on pay and working conditions of employees of British companies in South Africa.

COMPANY RESULTS

Final dividends: Country Gentlemen's Association. Grovebell Group. Norcros. Scapa Group. Spong. B. S. and W. Whiteley.

COMPANY MEETINGS

Aberdeen Construction, Station Hotel, Aberdeen, 12. Albany Investment Trust, India Buildings, Water Street, Liverpool, 2.30. *Percy Bilton, Bilton House,* Uxbridge Road, W, 12. Buckleys Brewery, *Domino Public House,* Waunarllwydd, Swansea, 10.45. *Foseco Minsep,* 36, *Queen Anne's* Gate, SW, 12. French Kier, Waldorf Hotel, W, 12. Matthew Hall, Hotel Russell, W, 12. Prince of Wales Hotel, Lord Street, Southport, 12. Selincourt, White House, Albany Street, NW, 11. Scottish Northern Investment Trust, 6, Union Row, Aberdeen, 12.15. Tysons (Contractors), *Atlantic Tower Hotel, Liverpool,* 12. Viking Resources, Great Eastern Hotel, EC, 12.

UK COMPANY NEWS

Plessey jumps 30% to top £60m

FINAL quarter profits of the Plessey Co. increased sharply from £13.3m to £24.66m to boost the total by 29.9 per cent for the year ended March 31, 1980 from £46.25m to £60.09m. Turnover was up from £684.3m to £751m with £225.4m (£183.5m) produced in the fourth quarter.

The directors say the increase in profitability was achieved by improvements in margins, increased sales and manufacturing efficiencies in most companies while the 15.8 per cent sales rise came about with hardly any increase in capital employed.

A final dividend of 4.04p is being recommended, lifting the year's total from 6.307p to 6.938p. Stated earnings per share before extraordinary items are 16.7p compared with 13.05p, following 7.12p (4.12p) in the final quarter.

Profit is after depreciation of £22.58m (£20.13m) and interest payable, £12.31m (£11.02m) but includes associates £3.49m (£10.48m) and interest receivable, £2.62m against £2.2m.

Tax charge is £19.01m (£14.21m) and there are minorities of £1.46m (£1.16m).

Extraordinary debits of £4.73m (£2.86m) include a credit for a profit of £1.5m arising on the purchase of part of the convertible loan stock of the group's U.S. subsidiary, a loss of £4.1m on the sale of the Garrard business and a loss of £1.8m on the sale of the Portuguese activities.

The group has continued its policy of eliminating extraneous activities outside the main stream of its growth businesses and a number of smaller activities were closed or sold during the year.

The balance sheet has further been strengthened and total debt, which was reduced by £20.4m last year, has been reduced by a further £9.5m. The ratio of borrowings to shareholders' equity has been reduced from 30.5 per cent to 25.1 per cent as a consequence.

In the UK, there were notable improvements in profitability by electronic components, aerospace, hydraulics and office systems.

The telecommunications main exchange activity at Liverpool achieved a substantial improvement by the elimination of losses on the manufacture of Strowger equipment. These successes were secured despite the losses sustained during the engineering strike, the directors say.

Overseas continued to perform well with the exceptions of Brazil and Portugal, both of which were subject to severe problems due to the high levels of inflation in a period of weak economic activity.

Capital expenditure last year totalled £35m, and the group plans another substantial investment programme in the current year, investing heavily in machinery and plant. Sir John Clark, the chairman, expects a total of around £42m to be spent this year.

And he said redundancy will continue to be "an on-going part of the business" in the UK, as new labour-saving technology is introduced.

	Year 1979-80 £000	1978-79 £000
Sales by product		
Telecommunications:		
Main exchanges and transmission	176,700	147,300
Office, data, control	123,600	104,900
Electronic systems and equipment	209,600	179,200
Electronic components	122,600	105,300
Hydraulics, aerospace engineering	113,100	92,700
Consumer electronics	6,400	18,900
Total sales	751,000	648,300
Operating profit by product		
Telecommunications:		
Main exchanges and transmission	19,825	8,174
Office, data, control	10,225	9,065
Electronic systems and equipment	13,026	15,851
Electronic components	11,328	6,273
Hydraulics, aerospace and engineering	12,721	8,075
Consumer elec. loss	824	2,849
Operating profit*	66,301	44,589
Associates	3,487	10,476
Interest receivable	2,624	2,201
Interest payable	12,313	11,018
Profit before tax	60,099	46,248
Tax	19,013	14,208
Net profit	41,086	32,040
Minorities	1,456	1,156
Attributable	39,630	30,884
Extraordinary debits	4,726	2,861
Dividends	16,534	14,980
Retained	18,370	13,043

*After depreciation £22.58m (£20.21m).

Sir John dismissed the idea that Plessey were interested in Ferranti shares, or had any plans for a rights issue. Order books remain strong, and at the end of March, showed a near 30 per cent increase over the previous year.

Lex, Back Page

HIGHLIGHTS

Two leading companies produced strong annual growth and the shares reacted accordingly. Lex discusses how an element of loss elimination and a strong order book have pulled Plessey out of a trough and illustrates, once again, what a good investment Redland made in West Germany with Braas. Foseco Minsep was the expected bidder for Unicorn Industries and the two sides have agreed terms of an offer which values the grinding equipment manufacturer at just over £40m. Elsewhere, Anderson Strathclyde has timed a near £6m cash call with the announcement of a very strong second-half recovery. That, coupled with the speculative spark still generated by the Charter stake, lifted the shares to a premium over the right issue terms. Renold has cut its dividend but perhaps by not as much as the stock market had feared and is actually looking for acquisitions. Burnett and Hallamshire underlined the strength of the energy sector with slightly better than doubled annual profits and a healthy balance sheet. Associated Communications, which runs the ATV franchise, suffered from the independent television strike but is now enjoying buoyant revenue. Henlys, by contrast, is firmly linked to BL's misfortunes and the interim profits were down significantly.

Leyland Paint MD's contract terminated

Mr. Bryan Jones, group managing director of Leyland Paint and Wallpaper, has left the company.

In an announcement yesterday, Leyland said "his appointment has been terminated and he has left the Board."

Mr. Peter Simmonds, chairman, who takes over as executive chairman, said: "It is the Board's view that the management should reflect a different style for the 1980s, and to achieve this, a change in management at the top was necessary. There was no discord, no row."

Mr. Jones, a member of the family which originally founded the business, has been with the company for some 40 years, ten of them as managing director. He owns about 1.3 per cent of the company.

Leyland's share price was unchanged at 36p yesterday.

Renold cuts dividend after profit downturn to £6.22m

PROFITS before tax of Renold, Manchester-based power transmission products and machinery group, fell sharply from £10.2m to £6.22m in the year ended March 30, 1980 and the directors are cutting the dividend from 10.25p to 8p, with a reduced final payment of 5.2p (7.55p).

The dividend reduction is to conserve cash resources in the face of worsening world economic conditions. The directors blame UK industrial disputes for the poor result while strike action in France and Spain adversely affected overseas results particularly in the second half.

The board has decided to withdraw from the loss-making manufacturing operations in Spain and plans to close the Coventry works in August. Extraordinary debits of £6.21m arising from these decisions together with currency losses of £1.31m have resulted in an attributable loss for the year of £4.32m against a £6.88m profit

	1979-80 £000	1978-79 £000
Sales	123,355	127,602
*Trading profit	10,416	13,644
Interest	4,195	3,445
Profit before tax	6,221	10,199
Tax	3,291	4,341
Net profit	2,930	5,858
Minority loss	287	182
Pref. dividends	24	24
Extraord. debits	6,209	†875
Exchange deficit	1,304	3
Attributable loss	4,320	‡6,888
Ord. dividends	3,228	4,177
From reserves	7,548	§2,711

* After depreciation, £3.87m (£3.88m)
† Credit
‡ Profit
§ To Reserves

Stated earnings per share before extraordinary items and exchange losses, are down from 14.9p to 7.9p.

Further streamlining and rationalisation of operations are taking place and following the transfer of certain activities to works establishments, the group's head office premises have become too large for requirements and are being offered for sale or lease.

The directors are more optimistic about prospects and says an encouraging start has been made to the new year, particularly overseas.

The board now expects the results of all the work which has been, and is being done to streamline and rationalise the organisation and activities will be reflected in improved results during 1980-81.

In addition, opportunities are constantly being sought to promote the growth of the group both by developments from within the organisation and by the acquisition of new interests.

Leopold Joseph unchanged result

PROFITS after tax attributable to members of Leopold Joseph Holdings have been maintained at £488,772 for the year ended March 31, 1980, compared with £488,427, and the directors are holding the dividend at 9.502p with an unchanged 7.627p final.

Earnings per share are stated as 18.59p (18.58p).

The directors say that as a result of rises in MLR, profit contribution from money market activities was substantially reduced. However, this was partly offset by an increase from commercial banking operations in sterling.

The activity of the bank's foreign exchange department increased significantly while investment banking activities had a successful year. The subsidiary in Guernsey had another satisfactory year.

Total consolidated assets at £70.2m show a fall of £4.2m. One feature of the balance sheet is the disposal of the portfolio of leased assets stated in the previous year as £1.84m. The decision to dispose of these assets was felt appropriate in view of the gradually less profitable rates obtainable on first class covenants as excess supply forced rates downwards, the Board says.

As a result of the year's transactions, a tax loss will be available to reduce tax liability in future years.

A transfer from inner reserve, equivalent to *half the anticipated* future tax relief, has been made and it is intended that this should be replaced as relief is secured in the future.

The amount involved is modest in relation to the total in reserves which remain at a substantial level, the directors add.

SINGLO

The scheme of arrangement whereby the assets of Singlo Holdings other than Indian tea interests are transferred to Singlo Group has been sanctioned in the High Court and become effective.

Dealings in the new securities of Singlo Group are expected to start today. Certificates for the new securities will be despatched on July 17.

The disposal of the Indian tea interest of Singlo Group is expected to be completed by the middle of next month.

£2.4m decline by TV side as ACC falls to £14m

MR. JACK GILL, deputy chief executive of Associated Communications Corporation, yesterday estimated that, with abortive programme costs, last year's television strike cost the company £3.5m net of levy.

This is reflected in results for the year to arch 31, 1980, where the profit contribution from the company's TV side fell by £2.41m to £3.88m and group pre-tax profits declined by some £2.2m to £14.1m.

Settlement of the TV dispute increased overheads dramatically, reported Mr. Gill, but so far this year profits were ahead of last year before the strike.

"At the moment advertising is buoyant, but it is almost day to day booking and how it will hold up is anyone's guess," he stated.

The other main problem area during 1979-80 was records and tapes, where a loss of £1.24m (£43,000) was incurred. These losses have continued, said Mr. Gill. The plan is for a new company with R.C.A. to be set up by August 1. But he did not expect this to be in profit for at least a year "if not two."

During last year, holding company charges increased from £729,000 to £4.4m, due mainly to interest charges on the acquisition of Inter European Property Holdings, and higher interest rates.

The Inter European profit projections, given to ACC by the directors, auditors and merchant bankers, were by no means met, said Mr. Gill. "But we have taken it apart and cleaned it out. Some of that is reflected in last year's reduction in profit. But with the reorganisation it will be fine from now on."

The film division also increased its debt, but he hoped for some improvement there, depending on the success of "The Raising of the Titanic" due to open in September. This film cost some $35m.

Because of the new Inland Revenue arrangements under which capital allowances for film expenditure can be claimed when incurred, the tax charge for 1979-80 was substantially reduced at £1.92m (£7.53m). This resulted in net profits rising from £8.77m to £12.18m.

There were no minorities this time, compared with a loss of £7,000. Extraordinary debits totalled £1.02m (£164,000).

Earnings per 25p "A" share are shown to have increased from 16.77p to 22.19p and the net final dividend is 4.9p, for an unchanged 8p total, costing 4.39m (£4.19m).

Group turnover for the year rose from £133.8m to £167.6m.

● comment

ACC calculates that the television strike trimmed profits by £3.5m despite the pull-back in advertising revenue afterwards. Revenue continues to show a marked year-on-year advance, but there are now indications that the autumn will see a slowing of growth. That, coupled with the apparent willingness of most independent companies to increase production spending during the franchise renewal season, could see a squeeze on TV profits during the current year. The spin-off of records and tapes into the RCA joint venture has come none too soon, with losses here up nearly thirty times last year. Property and cinemas both reflect the acquisition of IPH. Lower-than expected revenues from the purchase leave it in the red after financing costs, but with extraordinary items reflecting rationalisation which should see profits ahead this year. The "Muppet Movie" will continue to bring earnings in on the film side in the current year, but much hangs on the success of the $35m "Raise the Titanic," opening next month. For the current year, the signs are for an overall advance back towards 1979's £16.3m profits. At 94p, the 'A' shares yield 12.8 per cent and the prospective fully-taxed p/e is around 6—though capital allowances on film will continue to keep tax charges well down.

Burnett and Hallamshire soars

A MASSIVE 107.3 per cent increase from £3.53m to £7.32m in pre-tax profits is reported by Burnett and Hallamshire Holdings, the Sheffield holding company with fuel, mining construction, civil engineering and commercial interests, for the year to March 31, 1980.

This is the 12th successive year in which the group has reported record profits, and all trading divisions achieved peak figures.

Group turnover increased by 99.8 per cent to £85.1m.

After tax up from £892,000 to £1.2m, stated earnings per 25p share rose from 52.46p to 89.6p and the final dividend is effectively raised from 3.08p to 4.5p for a total of 8p compared with equal to 6.13p. Dividends absorb £674,574 (£340,000).

Mr. George Helsby, the chairman, commenting on the year's figures, says a satisfactory mix of profits between divisions was achieved, with mining activities continuing to contribute the major proportion. He says the level of group profit sets a platform for future stable growth.

He says the further financial strengthening of the group is reflected in the level of capital employed, which now stands at almost £29m, an increase of £15.3m over 1979. As a result, the asset value per share has increased by 88p to 341p.

Looking ahead, Mr. Helsby says the strength and nature of the group's trading activities, allied to the anticipated results of its continuing search for projects and acquisition opportunities both at home and abroad, gives confidence in predicting that with the commitment and expertise present within the group, further growth will be achieved.

Profits retained amounted to £5.27m compared with £2.48m in the previous year.

● comment

The concept of significant, onshore, energy resources is somewhat new to British investors but the extent to which Burnett and Hallamshire profits by OPEC's manipulations has not been lost on a share price of 680p, up 25p yesterday where the yield is under 2 per cent. On a fully taxed basis, the rating is discounting historic earnings for six years beyond the expected 10 year life of the group's proven and inferred UK coal reserves. Given that the market for the shares is running one-way at present it seems reasonable to ask where the group will be re-investing its cash flows over the medium term. The Mincorp deal certainly defers the day when its coal reserves are fully wasted but most of private operators are now re-grouped and the chances of repeating this type of acquisition seem slim. The group remains confident that oil distribution margins can be maintained in the face of a 17 per cent national volume decline and the construction division appears to have lessened its dependence on public sector contracts but at some point in the next few years a significant overseas coal deal must be expected. In this context, the Pennsylvania option and other possibilities in Belgium and South America assume undoubted significance. The most that may be said at this stage is that expansionary groundwork is being prepared very carefully and funding flexibility is no obvious problem.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
ACC	4.9	Oct. 1	4.9	8	8
Burnett & Hallamshire	4.5	August 8	3.08*	—	6.13*
John Booth & Sons	1	August 4	2.16	—	2.16
Barlow Holdings	2	Aug. 8	—	3	—
Braid ...int.	Nil	—	0.56	—	1.77
Castlefield (Klang) Rubber int.	1.7	August 1	1.4	—	5
Concrete Products ...int.	1	Sept. 30	1	—	5.5
Countryside Props. int.	1.4	Sept. 10	1.4*	—	3.5*
Durapipe Intnl.	1.98	August 7	1.83*	2.6	2.6*
Electrocomponents	5.25	—	5	8.75	6.5
Evans of Leeds	3.0	—	2.0	3.0	2.5
Flexello Castors ...int.	1.41	July 31	1.41	—	3.73
Hardys & Hansons ...int.	3.1	—	2.6	—	9.4
Henlys ...int.	3	August 8	3	—	9.1
J. & H. B. Jackson ...int.	0.75	August 14	0.65	—	1.4
Killinghall (Rubber) int.	4	August 1	3.5	—	14
John J. Lees	1.85	August 23	1.7	2.5	2.3
Leopold Joseph	7.63	—	7.63	9.5	9.5
Lonsdale Universal int.	1.85	August 7	1.67	—	5.17
Lookers ...int.	1.4	—	1.4	—	3.85
Plessey	4.04	Jan. 2	3.65	6.94	6.31
Radiant Metals	2	Sept. 13	1.55	3	2.1
Redland	4	—	3.2*	6.67	5.24*
Stead & Simpson	2.25	August 6	2.05	3.25	2.75
Shaw Carpets	1.5	August 15	1.5*	2.0	2.0*
Renold	5.2	August 12	7.55	8	10.25
Textured Jersey	3	Sept. 22	2	4.5	3
Whatlings ...int.	0.9	Sept. 26	0.9	—	1.9
Whittington Eng.	2.1	—	3.15*	3.5	4.27*‡

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 15 months.

هكذا من الأصل

WHAT SORT OF A COMPANY ACHIEVES RECORD PERFORMANCE IN A RECESSION?

Five years ago Plessey intensified its plans to improve efficiency, increase sales, raise profitability, and strengthen the balance sheet.

Now, despite many adverse factors, including the 1979 UK engineering strike, soaring interest rates and a deepening world recession, that strategy is paying off. We have achieved record results.

Profits before tax are up 30% on the previous year, and we now have a stronger balance sheet and improved cash flow.

The reason underlying our success is that we have planned our manufacturing and trading operations to dispose of loss making activities, prune product lines, and greatly increase our emphasis on worldwide marketing. Profitable new products have been introduced to meet customer needs in advanced electronics and communications.

Total debt and the ratio of borrowings to equity have been reduced. This strategy increased sales by almost 16% last year while capital employed remained almost constant.

Earnings per share before extraordinary items of 16.7 pence increased by 28% over the previous year.

The total dividend proposed is 10% higher than last year and is covered 2.4 times by earnings before extraordinary items.

Our progress continues in the current financial year. The telecommunications business following the elimination of losses at Liverpool is now well set to take advantage of a much improved product line in the new technologies. The regrouping of our microelectronics activities into a new Solid State Division is progressing under good management. Electronic Systems, Aerospace, Mechanical Engineering and Components are also performing well.

Plessey looks forward to continuing improvement in both efficiency and profitability.

Sir John Clark
Chairman and Chief Executive

A VERY FARSIGHTED ONE

PLESSEY GROUP
Operating internationally in 131 countries

The Plessey Company Limited

An extract from the 1979/80 preliminary results (unaudited)

Figures in £000's	12 months to March 31 1980	12 months to March 31 1979
Sales	751,000	648,300
Operating profit	66,301	44,589
Profit before taxation	60,099	46,248
Earnings before extraordinary items	39,630	30,884
Earnings after extraordinary items	34,904	28,023
Dividend (pence per share)	6.938p	6.307p
Earnings per share before extraordinary items (pence)	16.70p	13.05p
Earnings per share after extraordinary items (pence)	14.71p	11.84p

The recommended final dividend of 4.010 pence per share payable on January 2, 1981 to shareholders on the register on November 14, 1980 if approved, together with the interim dividend already declared, will amount to 6.938 pence per share for the year, compared with 6.307 pence per share in the previous year.

The Company's full Report and Accounts will be posted to shareholders on August 4, 1980. The Annual General Meeting will be held on August 29, 1980 at Millbank Tower, Millbank, London SW1.

0831-2-0134

ISSUE NEWS

Anderson Strathclyde raising £5.9m

Anderson Strathclyde is raising £5.9m by way of a rights issue of one new share at 65p for every four held. The coal mining equipment manufacturing company, in which Charter Consolidated raised its interest to 28.4 per cent, from 2 per cent, last month in a 30-minute market raid, also announced pre-tax profits in the year ended March 31, 1980, of £5.9m (£4.1m) on turnover of £72.3m (£53.3m).

Earnings per share were 12.2p (9.1p) and a final dividend of 3p net has been proposed, making a total of 4p (3p).

Trading profits of £8m were 53.1 per cent higher than the previous year and a record. Following a £1.4m loss at the interim stage due to the engineering strike, a substantial recovery has been achieved.

The rights issue proceeds will be used to exploit opportunities for further expansion in both established markets, particularly in the U.S., and in relation to potential new markets, Mr. R. H. Thorpe, the chairman, says. The group's products are said to be well placed to benefit from the worldwide increase in demand for coal to offset oil dependency.

In the five years since the previous £2.1m rights issue, the group has financed its own expansion but believes the equity base should be strengthened so that further expansion can take place and manufacturing facilities can continue to be re-equipped and modernised without exposing the company to undue reliance on short-term borrowings.

Mr. Thorpe says it is not prudent to forecast 1980-81 results but the existing order book gives grounds for optimism. The directors expect to maintain the increased dividend rate on the expanded share capital.

The company's existing *authorised share capital is* inadequate to cover the 9,453,583 25p shares to be issued so an EGM is to be held on July 14 to approve the increase in authorised capital from £11m to £15m.

The new shares will not rank for the proposed final dividend for 1979-80. The rights are to be offered to shareholders on the record on June 27 and the closing date for acceptances is August 5.

The issue is being underwritten by Lloyds Bank International. Brokers to the issue are Parsons and Co.

● comment

Anderson Strathclyde could hardly have picked a better *moment to make its one-for-four* rights issue and the shares actually reached a premium yesterday with a 7p rise to 82p. The coal mining equipment manufacturer has rebounded in spectacular fashion from the £1.4m first half loss to produce a £5.9m record pre-tax profit for the year. Meanwhile, the market raid by Charter Consolidated last month to raise its holding in Anderson to 28.4 per cent from 2 per cent suggests more to come, especially if BP buys Charter's 27 per cent interest in Selection Trust. Charter said yesterday that it was considering its position. Although Anderson is very optimistic about its prospects, last year's 44 per cent profit jump may have been exceptional because of the £13m sale to China. The company is disturbingly vague about the reasons for the rights issue. It seems most eager to expand its U.S. presence—and by building up its existing operations rather than through acquisitions. The ex-rights p/e on fully taxed earnings stands at 10.3 and the yield at 7.5 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Finals: Country Gentlemen's Association, Grovebell, Norcros, Scapa, Spong, B. S. and W. Whiteley.

FUTURE DATES

Interims—	
Bett Brothers	July 3
Lincroft Kilgour	July 8
Sotheby Parke Bernet	July 10
Finals—	
Bassett (Geo.)	July 1
Dowty	July 22
Haslemere Estates	July 17
Moss (Robert)	July 4
Rothmans International	July 8
Symonds Engineering	July 2
Vinten	July 14

SOUTH STAFFS. WATERWORKS

Applications in respect of the offer for sale by tender of £6m 9¾ per cent preference stock of South Staffordshire Waterworks Company totalled £16.9m. The average price of the allotments was £101.51. The lowest tender accepted was £101.26. The bonds are remeemable at par on October 1, 1985.

Placing for Pennine minerals processor

A NEW minerals processing company, **SPO Minerals**, is being brought to the market by Grindlay Brandts. SPO, which is based in the South Pennine orefield in Derbyshire (hence the name), is to produce barytes, an industrial mud widely used in the oil and gas drilling industry. Subsidiary products will include lead concentrates and fluorspar.

A total of 1.5m shares of nominal value 10p each are being placed with institutions and individual investors at 80p to raise a net £1.1m. This represents 70 per cent of SPO's enlarged capital. A further £0.9m is to be provided as lease finance by the International Energy Bank.

Managing director of the new company is Mr. Robert L. Sprinkel III, the American entrepreneur now resident in Derbyshire, who is best known as the prime mover in the rescue of Cornwall's Wheal Jane tin mine. He will hold 12.86 per cent of the shares, with a further 3.27 per cent spread between the other directors.

These are Mr. Alun Davies, a former executive director of Rio Tinto-Zinc and chairman of *Capper Pass, Mr. Lionel Stopford* Sackville, formerly an executive director of Charter Consolidated and current chairman of Beralt Tin and Wolfram, Mr. Lee Robinson, former chairman of the Advisory Council to the Government Chemical and Mineral Laboratories at Warren Spring, and Mr. Tim Read, who is mining partner at stockbrokers Carr Sebag and was closely associated with Mr. Sprinkel in the negotiations to re-open Wheal Jane.

The remaining shares have been left with the three jobbers to the placing for sale to individuals, furthering Mr. Sprinkel's express wish to include the small investor. The shares will be traded under Stock Exchange Rule 163(2), which covers companies felt to be too small for a full listing and which cannot provide a five-year record of their financial progress. Dealings will start on July 7.

The prospectus includes no profits forecasts, but a cash-flow projection indicates a surplus before interest and dividends of £143,000 for the year ending March 31, 1981, by which time the plant is expected to be fully operational, rising to almost £4 by 1990.

Mr. Sprinkel said yesterday that there are large amounts of barytes available in Derbyshire in dumps and surface workings. The main use of this mineral is as a weighting agent in drilling mud to control pressure and prevent blow-outs, although its high specific gravity also makes it suitable for some forms of radiation shield.

SPO has long-term contracts for the supply of barytes principally with BW Mud, which is estimated to have something like 25 per cent of the North Sea market, supplying such companies as BP and Shell.

AMC BOND ISSUE

The Agricultural Mortgage Corporation is issuing £2.5m in 14¾ per cent one-year bonds on July 3 at £100 per cent. Interest, less income tax, will be payable on December 27 at £7.3125 per cent and on July 3, 1981, at £7.5529 per cent. The bonds will be redeemed at par on July 3, 1981. They are secured by a supplemental trust deed in favour of the Whitehall Trust and rank equally with the corporation's existing issues of debenture stock and bonds.

Redland boosted in second half

AFTER A much improved second six months, pre-tax profits of Redland, supplier to the construction industry, rose 26.7 per cent from £45.2m to £57.29m at the end of the year to March 31, 1980. The dividend total is effectively increased from 5.2408p to 6.67p net with a 4p final.

First-half profits had risen by only 1.5 per cent from £21.9m to £22.3m but the board said expectations for the second half were rather better and some improvement in the year's results should be realised.

Turnover for the year rose from £396.99m to £495.04m. Profit is before tax of £22.97m (£16.14m) and minorities of £9.07m (£5.62m). There are also extraordinary items of £20,000 (£28,000).

Earnings per share are stated as 20.91p compared with 19.63p.

Figures include the full year's results of Automated Building Components Inc. for the year to December 31, 1979 and the profits of Season-All Industries Inc. for the eight months to December 31.

The results also include profits arising from the acquisition of J. Agar, Instrumentation, for the 11 months to March 29, 1980.

The board states that in the UK, profits fell by 2 per cent. Although the principal building material divisions all increased their profits, and Redland Purle achieved a major advance, losses in Redland Pipes reflected the very low levels of activity in a market dominated by public sector buying.

The total pre-tax profit of overseas subsidiaries rose 67 per cent, substantially a reflection of outstanding results from Braas and Co. in West Germany.

A *useful contribution was also* received from companies acquired during the course of the year in the U.S.

The group's share of profits from associates declined 1 per cent in sterling terms. In Australia, Monier made good progress, but most of the Continental European roof tile companies suffered from the severe weather conditions in the winter and spring of 1979 and were not able fully to recover this setback in the balance of the year.

Lex, Back Page

Textured Jersey advances

WITH SECOND-HALF pre-tax profits advancing from £409,000 to £492,000, Textured Jersey, knitted fabric manufacture, *reports figures up from £673,000* to £835,000 for the full year to April 30, 1980. The pre-tax figure was struck after depreciation at £248,000 against £274,000. Turnover for the year was up £897,000 to £9.51m.

After tax of £297,000 (£234,000), stated earnings per 10p share are 16.36p (13.22p) and the final dividend is raised from 2p to 3p for a total of 4.5p (3p). Comparatives have been re-stated in accordance with the changed accounting policy.

The board states that while trading conditions are likely to remain difficult during the coming year, the strength of both order book and the company's liquid position leads it to believe that the company will *continue to make progress in the* coming year.

Higher interest hits Lonsdale

INCREASING difficulties in the printing sector restricted **Lonsdale Universal**, the office equipment, printing and bookselling group, to a 9 per cent improvement in trading profits for the half year to March 31, 1980. But after a rise in interest charges from £431,000 to £676,000, the pre-tax figure was £128,000 lower at £712,000.

For the full year, trading profits are expected to be higher than last time, but with the continuation of high interest rates, last year's pre-tax figure of £1.45m will not be reached, the directors state.

Under current conditions trading will remain difficult during the remainder of the year, but reasonable profitability is being maintained.

National disputes within the printing industry were not resolved until the end of May and are estimated to reduce trading profits by more than £125,000 in the current year.

In this sector, certain marginal operations have been discontinued since they can no longer earn profits.

Departmental store retailing has been discontinued following the sale or closure of each store, although in one case contracts have yet to be exchanged. Subject thereto, realisation proceeds of over £1m, after allowing for disposal and redundancy costs, will have been received by the year-end.

The directors are confident in the underlying trend of the group's progress and with earnings per 25p share down from 6.9p to 5.86p for the half-year, the net interim dividend is raised to 1.85p (1.67p). Last year's total payment was 5.1729p.

Turnover for the period rose 19 per cent to £21.82m. Tax charge was lower at £175,000 (£210,000) but extraordinary debits increased sharply from £38,000 to £319,000. After preference dividends, profits attributable to ordinary holders emerged at £207,000, compared with £581,000.

Hardys and Hansons midway rise

AN INCREASE of 16 per cent in trading profits combined with higher interest receivable to push pre-tax profits of **Hardys and Hansons**, brewer, ahead to £1.17m in the half year to March 28, 1980, compared with £0.9m.

But although trade between Christmas and Easter was good, says the directors, it has since been disappointing.

The interim dividend is stepped up from 2.6p to 3.1p net —*a total of 9.4p was paid last* year from taxable profits of £2.26m.

The six months' surplus includes dividends and interest receivable less interest payable of £210,000 (£113,000). Earnings, after tax of £609,000 (£489,000) amounted to £563,000 (451,000) or 11.275p (9.035p) per share.

Dixor-Strand deeper in red

Substantially heavier midyear losses are reported by Dixor-Strand, cosmetics manufacturer, the deficit deepening to £297,000 for the period ended March 31, 1980, against £7,000 last time.

In the last full year, there were losses of £249,198 (£31,566 profits), and the dividend was omitted.

Stated losses per 5p share were significantly higher for the half-year, at 17.92p (0.61p). There was no tax charge or repayment.

Turnover improved from £1[illegible],000 to £331,000.

FOLKES HEFO EXPECTS RISE

Mr. J. W. Hearnshaw, chairman of **John Folkes Hefo**, the Midlands engineering group, told the annual meeting that he expects 1980 profits to exceed those of 1979, which were £3.88m compared with £3.5m in the previous year.

SPAIN

June 26	Price %	+ or −
Banco Bilbao	216	+2
Banco Central	242	
Banco Exterior	208	
Banco Hispano	216	
Banco Ind. Cat.	122	
Banco Madrid	141	
Banco Santander	272	
Banco Urquijo	150	
Banco Vizcaya	226	
Banco Zaragoza	202	
Dragados	75	
Espanola Zinc	58	
Fecsa	66.0	+0.3
Gal. Preciados	25	−1
Hidrola	71.5	+0.2
Iberduero	68.2	+0.5
Petroleos	108.5	+0.3
Petroliber	90.0	+2
Sogefisa	107.0	
Telefonica	62.0	+2
Union Elect.	63.0	−1

MOTOR DISTRIBUTORS

Henlys down sharply but hopes to hold dividends

LOW VEHICLE sales activity in the early months of the period, tight margins and increased finance charges shoulder the blame for the first half profits slump at Henlys, car dealer.

At the last annual meeting the chairman warned that figures for the six months to March 31, 1980 would "not by any means approach those for the corresponding period." In the event, turnover fell from £100.5m to £95.1m and pre-tax profits tumbled from £2.13m to £438,000, after higher interest and stock finance charges of £1.44m against £721,000. Tax took £252,000 (£806,000).

The directors now report the adverse trend has continued in the early months of the second half. And it appears probable that trading for the remainder of the year will be marked by features similar to those prevailing to date.

However, they feel that dividend policy should not reflect short-term profit swings. The interim payment is held at 3p net, on earnings of 1.3p (9.6p) per 20p share, and, provided there are signs of improvement at the year end, it is intended to maintain the final. Last year's final was 6.1p on profits of £4.31m.

Notwithstanding difficulties in first half vehicle trading, other motor trade activities—service, parts and forecourt—held up well, producing contributions in excess of those for 1979. Other divisions, comprising leasing, construction equipment and Rolls-Royce diesel engines, produced results which at the pre-interest level were comparable with the corresponding period.

The group has completed the closure of a number of branches where current and prospective trading levels were considered unviable. Associated property disposals have already realised some £900,000 and the attributable surplus is included within first half extraordinary credits of £713,000 (£241,000).

Negotiations are in progress for the disposal of the remainder of these vacated facilities which have a book value of some £2.25m.

Some redeployment has already taken place by the acquisition of a substantial Renault business in Manchester, and a major Ford main dealership in Belfast.

Opportunities for compatible diversification are being actively pursued.

• comment

Despite efforts at franchise diversification, Henlys remains a hostage to the fortunes of BL. In the six months to March, BL car sales dropped 19 per cent to 146,000 units and this is roughly reflected in the turnover drop at Henlys. A higher stock level, forced in part by BL's stock display strategy, doubled interest charges and left Henly's with total borrowing of around £15m — almost half shareholders' funds. With BL's market penetration continuing to plunge, second half prospects look bleak and Henly's will do well to make £1m pre-tax, despite a continuing improvement on the servicing and forecourt side. This would leave a maintained dividend uncovered even by pre-tax earnings, though the group may decide to pay out of extraordinary property gains, which will again be hefty. Maintaining the dividend would leave the shares, down 3p at 70p yesterday, on a yield of 19.4 per cent—which suggests that the market has strong doubts. IWth the shares trading at under one third of their net asset value, Henlys might still attract a bid but the return on capital is only about 2 per cent, so it would take a bold suitor. Asset values coupled with the dividend and the bid possibility, are clearly propping up the share price since the p/e on prospective fully-taxed earnings is almost 20.

MINING NEWS

More Australian coal contracts

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIAN COAL projects are successfully obtaining large new supply orders, at the same time as the industry has virtually shut down in the major exporting state of Queensland, because of industrial disputes, reports James Forth from Sydney.

The Warkworth Associates group, which is developing a steaming coal venture at Warkworth in New South Wales, has announced a contract to supply 5.5m tonnes of coal worth close to A$200m (£99m) over a 12 year period to Mitsubishi Mining and Cement.

The Japanese group has a 4 per cent equity in Warkworth. The other partners are H. C. Sleigh, 45 per cent, Costain Australia, 30 per cent, Mitsubishi Development 11 per cent and T. and G. Life Society 10 per cent. It is the third long term supply contract to Japan for the project.

Another contract has been obtained by CSR for its Yarrabee anthracitic coal project in Queensland. Onada Cement of Japan has agreed to take 2m tonnes over 10 years which will enable the venture to go ahead.

Construction will start later this year and production should begin by mid-1981. It will be Australia's first anthracitic coal mine. The coal has a low ash content, low volatility and is smokeless. It is mainly used in the manufacture of cement.

The coking coal market is also picking up and representatives of Japanese steel mills were in Australia recently seeking incremental tonnages. The demand is partly due to problems of supply from traditional suppliers, the U.S., Canada and Australia.

In fact, the Australian coal export industry is in chaos with the complete shut-down of the central Queensland fields under progressive and indefinite strike action by about 5,000 miners.

Union and industry sources said that coal stockpiles were so low that the entire trade would halt within the next two weeks. The miners are on strike over a new award seeking more pay. The strike involves all the major coal mines in Queensland.

In yet another development, the consortium aiming to open up the German Creek coal deposits in Queensland has announced that reserves have been upgraded from 270m tonnes of measured and indicated ore to 1.1bn measured, indicated and inferred tonnes of ore.

The group still has to sign contracts, but is hopeful that they will be completed this year and that the first shipments will go out by mid-1982. The partners in German Creek include Shell, Austen and Butta, the British National Coal Board and Ruhr Kohle of Western Germany.

Shaw Carpets falls by £0.6m

TAXABLE PROFITS of Shaw Carpets fell from £1.65m to £1.05m in the year to May 2, 1980, on sales £3.66m higher at £34.49m.

Mid-year profits were down at £0.62m (£0.95m).

Mr. James Hartley, chairman of the patterned and plain tufted carpet manufacturer, says the group continued to perform satisfactorily, if below the expectations held at the outset of the year. The results were achieved against the background of plant closures and extensive redundancies within the industry.

On prospects, Mr. Hartley says the group continues to increase its productivity and its share of the UK carpet industry output. This is being helped by the group's flexible, computer-controlled Millitron carpet patterning machinery, from which further benefits can be gained.

Despite the difficulties facing the industry, the chairman feels the group is well placed to exploit profitable opportunities as and when they arise.

The net total dividend is effectively maintained at 2p net, with a final of 1.5p. Stated earnings per 10p share are down from 8p to 4.8p, after tax of £70,000 (£126,000).

Electrocomponents 30% higher to more than £13m

Pre-tax profits of Electrocomponents, manufacturer and distributor of electronic components, jumped 30.5 per cent to £13.05m in the year to March 31, 1980 after advancing from £5.49m to £7.36m in the second half.

External sales increased from £44.41m to £57.35m, a rise of 29.1 per cent.

The final dividend is raised from 5p to 5.25p for a total of 8.75p (6.5p).

Tax charge was up from £4.63m to £5.91m, leaving the net balance at £7.14m, against £5.37m.

• comment

Electrocomponents continues to write the success story of the electronics distribution world. Second half earnings were fired by a widening product range which raised full year pre-tax profits over 30 per cent. By offering more accessories in the R.S. catalogue, the group is maintaining margins at a time of general difficulty. Even the Electrospares subsidiary, a newer member of the parent group, is holding its own. The market seemed grateful for yesterday's news and lifted the shares by 28p to 588p for a p/e of 19. A total net dividend up 35 per cent yields just over 2 per cent.

Over £2m for Evans of Leeds

PRE-TAX profits of Evans of Leeds, property investment and development group, rose from £1.85m to £2.1m for the year to March 31, 1980. Total revenue increased to £4.12m, against £3.25m.

Half-time taxable profits were higher at £0.96m (£0.86m).

The net total dividend is raised from 2.5p to 3p, with an unchanged final of 2p. Earnings per 25p share are shown ahead to 7.197p (6.22p).

The directors say the balance sheet remains strong.

Lookers declines

INTENSE competition arising from the over supply of new vehicles and agricultural machinery is blamed by Mr. R. E. Tongue, chairman of Lookers, for the substantial fall in pre-tax profits for the six months to March 31, 1980.

Taxable profits of this motor vehicle distributor and engineer came out at £405,519, compared with £803,905, and are struck after interest up from £416,264 to £750,539.

Mr. Tongue says the over supply position resulted in increased stocks at a time when interest rates have been extremely high. He adds that the volume of vehicle sales has declined since the end of the half-year, but stocks have been reduced. The profit for the full year will be materially reduced when compared with the previous year's £2m.

After extraordinary debits of £23,000 (£2,979), attributable profits were down from £423,091 to £273,019. Stated earnings per 25p share are 4p (5.7p), and the interim dividend is unchanged at 1.4p—last year's total was 3.85p.

Group turnover for the year was £36.99m compared with £32.42m.

Braid omits interim

A SWING into losses is reported by Braid Group, vehicle distributor, and the directors are omitting the interim dividend.

The pre-tax deficit amounted to £179,937 for the six months to March 31, 1980, compared with profits of £275,153. For the whole of last year there was a taxable surplus of £746,160.

In February, the directors said the group had incurred first-quarter losses and at the annual meeting the following month they warned that they could not confidently predict these would be eliminated by the halfway stage.

Turnover improved from £16.08m to £22.1m for the half-year. After tax of £1,500 (£15,995), there were net losses of £181,437, compared with profits of £259,158.

Stated losses per 5p share were 3.08p, against earnings of 4.26p.

Last year's interim dividend was 0.555p, followed by a final of 1.21288p.

The directors believe that, in the present circumstances and in the foreseeable future, certain of the group's activities, where the return on capital even in normal times is now, no longer justify the funds they employ.

Arrangements have therefore been made to liquidate the assets of Southport Engineering Company, B. E. Motors, and Braid Motors. Also, in some areas short-term rental has ceased to be viable because of reduced demand and high interest rates and this activity must be limited to those sites where profits can be earned, the chairman says.

These measures are expected to release funds of some £1.5m.

In the board's view, the group must be slimmed down to its maximum efficiency in order successfully to ride out the recession

Valiant's gold find

LATEST NEWS from the Australian gold hunt is the claim by Valiant Consolidated that it has found "economically significant" gold mineralisation at Calzoni Pit on its Holleton prospect in Western Australia.

Three drill holes have indicated a number of higher grade gold intersections within a wide band of lower grade gold values. Taking mean averages, hole No. 1 assayed 3.23 grammes gold per tonne from 15 to 34.14 metres, hole No. 2 gave 2.37 grammes between 16.45 and 29.26 metres and rather lower values were encountered in hole 3.

Although higher grade intersections were made in short lengths of the drill cores, these average values are low. Even so, they are still encouraging and could make economic sense for an open-pit mining operation

But a great deal more drilling will have to be done before any decision can be taken on whether the prospect contains enough ore to justify a mining operation. The sharemarket, however, was sufficiently encouraged to raise the shares of Valiant by 26p to 110p yesterday.

● It is also understood that Kia Ora Gold has now reopened the Marvel Loch gold mine in Western Australia and production is expected to start new next month. Test work has been going satisfactorily at the mill which also handles material from the Corinthian open-cut. Average gold values from the two ore sources are expected to run at about 6 dwts, or 9 grammes, gold per tonne.

Bisichi Tin

FOLLOWING the Nigerian takeover of 60 per cent of the tin and columbite-producing Bisichi Jantar (Nigeria), the separate London companies, Bisichi Tin and Jantar each retain holdings of 20 per cent in the Nigerian mining concern.

For last year Bisichi Jantar (Nigeria) declared a dividend of Naira 219,227 (£173,000). The Bisichi chairman, Mr. W. T. Meredith Browne, says in the annual report that he is reasonably confident that Nigerian exchange control permission will be granted in due course for transfer of the company's share of this dividend.

Mr. Meredith Browne adds that of the capital funds held in Nigeria as a result of the takeover, some 50 per cent has now been received in this country of which £59,406 is for the account of Bisichi.

Durapipe slips to £805,000

DESPITE FORECASTS by Durapipe International at the interim stage that its engineering company would show an improvement, the recession in home markets had a marked effect in 1979-80 and demand fell.

As a result, group pre-tax profits for the year to March 31, 1980, were down from £1m to £805,930, with the second half falling by £180,610 to £202,930. Turnover climbed from £12.6m to £14.33m.

The board states that the Middle Eastern and Australian ventures are now proving worthwhile, but the American corporation will not be truly successful, despite the action being taken, until the economic situation in the U.S. improves.

After tax of £159,323 (£176,957), retained profits of this plastic pressure pipes and fittings and lifting tackle manufacturer, are £337,272 (£601,043). Stated earnings per 25p share are down from 8.47p to 6.58p, and the final dividend is effectively raised from 1.8265p to 1.98p for a total of 2.6p (adjusted 2.3555p).

APPOINTMENTS

Deputy Managing Director

Leicester **c.£15,000**

MK Refrigeration Ltd, leading manufacturers of bar cooling and other refrigeration equipment for the brewing and catering trades, seeks a Deputy Managing Director to assume key administrative responsibilities including control of production and finance. Starting salary negotiable around £15,000 a year plus company car and other benefits. Preferred age 30-40.

Candidates will have engineering degrees or qualifications and presently be general managers or hold senior production positions in engineering companies. A thorough understanding of all main industrial functions including finance is essential. Successful performance will lead to promotion in a group with ambitious expansion plans backed by the financial resources of Charter Consolidated.

For full job description write in confidence to W. T. Agar, at 78 Wigmore Street, London W1H 9DQ, showing clearly how you meet our client's requirements, quoting FT/2115. Both men and women may apply.

John Courtis and Partners

Economist

£13,000 per annum

The Chief Economic Services Officer heads the Economic Services Section, a group of Economists in the County Treasurers' Department. The principal duties and responsibilities include:

(a) Providing economic information and advice to the County Council in relation to the Authority's own services.

(b) Monitoring EEC policy developments and providing information as appropriate, arranging all applications for EEC grants and loans.

(c) Providing advice on the economic development of the County area and setting up suitable liaison arrangements with representatives from government, commerce, industry and university.

We are looking for an Economist with good academic qualifications and extensive professional experience commensurate with the demanding responsibilities of this post. The County Council requires top level advice from a first class practical Economist.

This is a fourth-tier post, salary scale £12,369-£13,077, assistance with removal expenses where appropriate. Further information from Peter Appleyard, Assistant County Treasurer. Telephone Barnsley 86141 Extension 697. Application forms, quoting post number T8, may be obtained from the Chief Executive (Personnel), County Hall, Barnsley, South Yorkshire S70 2TN. (Telephone 0226-86141, Extension 266), to be returned by 11th July, 1980. Interviews will be held in the County Treasurer's Office, Regent Street, Barnsley, on 22nd July, 1980.

South Yorkshire County Council
SETTING THE PACE

Foreign Exchange Dealer

Salary range £12,000-£17,000
London

For a well established American bank. The Foreign Exchange Dealer must have a minimum of six years experience in Spot and Forwards markets and would operate as a senior dealer. Experience of all major currencies is required, together with currency deposits and arbitrage. Attractive fringe benefits. Opportunities for early advancement. Preferred age 25-35. Reference 197.

Please write in confidence, or telephone 01-499 2215.

Philip Egerton & Associates
Selection Consultants
178/179 Piccadilly, London W1V 0QP

Financial Analyst

Switzerland

International holding company requires a young qualified accountant to assist the controller. Will analyse report study procedures and systems and help to develop new concepts etc. Main language is English, but knowledge of French and German an advantage. Five-figure salary plus excellent benefits and conditions. Age around 30. Applications with CV should be sent to:

PA Management Consultants AG,
Kreuzstrasse 26, 8008 Zurich, Switzerland. Tel: Zurich 252 69 36.

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COMPANY NOTICES

INTERNATIONAL DEPOSITARY RECEIPTS (IDR) ISSUED BY MORGAN GUARANTY TRUST CY OF NEW YORK REPRESENTING ORDINARY CONVERTIBLE CLASS C SHARES OF BRASCAN LIMITED

A distribution of Can$0.50 per depositary share less any applicable taxes and fee will be payable on and after July 31, 1980 upon presentation of coupon No. 14 at any of the following offices of Morgan Guaranty Trust Cy of New York:
—New York (USA) 30, West Broadway
—Brussels, 35 avenue des Arts
—Antwerp, 82, Frankrijklei
—London, 1, Angel Court
—Paris, 14, Place Vendôme
—Frankfurt, Bockenheimer Landstrasse 8
—Zurich, Stockerstrasse 38
and Banque Générale du Luxembourg, 14, rue Aldringen, Luxembourg.

EUROPEAN FERRIES LIMITED (CDRs)

The undersigned announces that the Annual Report (year ended December 31, 1979) of European Ferries Limited will be available in Amsterdam at:
Algemene Bank Nederland N.V.
Amsterdam-Rotterdam Bank N.V.
Bank Mees & Hope N.V.
Pierson, Heldring & Pierson N.V.
Kas-Associatie N.V.

AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam, 23rd June 1980

IMATRAN VOIMA OSAKEYHTIO

25,000,000 EUROPEAN UNITS OF ACCOUNT 1977/1987 GUARANTEED BONDS 8½%

Pursuant to the provisions of the Purchase Fund, notice is hereby given to Bondholders that nominal UA 500,000.- have been purchased during the twelve-month period from June 20, 1979 to June 19, 1980.
Amount outstanding: UA 24,500,000.-
IMATRAN VOIMA OSAKEYHTIO
June 27, 1980.

LEUMI INTERNATIONAL INVESTMENTS N.V.

US$75,000,000 GUARANTEED FLOATING RATES NOTES 1986/1989

The interest rate applicable to the above notes in respect of the sixmonth period commencing 27 June 1980 has been fixed at 9.75% per annum.

The interest amounting to $50.10 per bond of US$1,000 nominal, to $501.04 per bond of US$10,000 nominal and to $5,010.42 per bond of US$100,000 will be paid on Monday, 29th December 1980 against presentation of coupon No. 3.

BANK LEUMI TRUST COMPANY OF NEW YORK
Principal Paying Agent

NOTICE OF PURCHASE

OLIVETTI INTERNATIONAL S.A.
9¼% GUARANTEED NOTES 1984

NOTICE IS HEREBY GIVEN to Noteholders of the above loan that during the twelve-month period beginning on 1st June 1979 and ending on 31st May 1980 US$1,000,000 nominal amount was purchased in the open market.

US$31,100,000 of the Notes remains outstanding.

UNION BANK OF SWITZERLAND (SECURITIES) LIMITED
London.
27th June 1980.

"CITY OF LIMA"
(The Honourable Provincial Council of Lima)

5% FIRST MORTGAGE BONDS 1911

Lloyds Bank International Ltd., 40-66 Queen Victoria Street, London EC4P 4EL announce that coupons due 1st July 1980 of the City of Lima (The Honourable Provincial Council of Lima) 5% First Mortgage Bonds 1911, may be lodged for payment but must be left an appropriate period for examination. Coupons will not be accepted through the post.

PUBLIC NOTICES

HERTFORDSHIRE COUNTY COUNCIL BILLS
£3½m issued 25.6.80 due 24.9.80, £3m at 15²¹⁄₃₂% and £½m at 15¼%. Applications totalled £30½m. Total outstanding £17½m.

COUNTY OF AVON CORPORATION BILLS
£3,000,000 Bills issued 25.6.80 at 15 51/64% to mature 24.9.80. Applications £24,500,000. Outstanding £8,000,000.

GLOUCESTER COUNTY COUNCIL CORPORATION BILLS
£5,000,000 Bills issued 25.6.80 at 15²¹⁄₃₂% to mature 24.9.80. Applications £32,000,000. Outstanding £11,500,000.

LEGAL NOTICES

IN THE MATTER OF TRITON POOLS (UK) LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 1st day of August, 1980 to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned
PATRICK WALTER JOHN HARTIGAN,
of 1, Wardrobe Place,
Carter Lane,
London EC4V 5AJ,
the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 16th day of June, 1980.
P. W. J. HARTIGAN,
Liquidator.

Take Notice that the following Bills of Exchange all drawn by Victor Melik & Co. Limited, dated 29th April, 1980, and accepted for and on behalf of Sova Trading Company viz. Bill No. 768 for £50,000 payable 60 days after date, Bill No. 769 for £102,000 payable 90 days after date, Bill No. 770 for £108,000 payable 100 days after date and Bill No. 771 for £131,000 payable 120 days after date were specifically given for value for goods not delivered by Victor Melik & Co. Limited and that the said Bills should be not acquired. Anyone so acquiring the said Bills does so at his own risk.

TRAVEL

PERSONAL

LUXURY PRINCESS 32' Motor Yacht for hire, business or pleasure purposes, self-drive or crew available if required. Based at Burnham on Crouch. For daily, weekend or weekly rates, tel. 0621 784053.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 734 0557.

GARGOYLE, 69, Dean Street, London, W1. NEW STRIPTEASE FLOORSHOW "CLOSE ENCOUNTERS" 11-3.30 am. Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

EXHIBITIONS

THE PALLADIUM CELLARS Now Open. New! Exciting! Moving! An action packed underworld of entertainment. A journey into fun, fear and fantasy. Open daily 10 am to 8 pm. Sunday 12 noon to 6 pm. 01-437 3363. Prices: Adults £2, children £1. For special party rates tel. 01-437 3363.

Companies and Markets

BIDS AND DEALS

VICKERS ANNUAL MEETING

Chairman hints at BAC settlement

BY ROBERT COTTRELL

A HINT that the Government may soon settle compensation payments to Vickers and the General Electric Company (GEC) for their shareholdings in the British Aircraft Corporation—nationalised during the formation of British Aerospace—was given by Sir Peter Matthews, chairman, at the Vickers annual meeting yesterday.

The meeting followed a day after the engineering group's agreed equity offer for Rolls-Royce Motors.

Sir Peter said that although no final compensation offer had yet been made by the Department of Industry he saw "signs of progress" and believed that a settlement would be "shortly possible." He noted growing pressure on both sides of the negotiations, and said that public opinion reflected growing impatience with the continuing failure to reach a settlement.

He added that while the company does not know when a settlement might be reached, "it would not be fair to say we have no idea of the amount." While Vickers has never publicly suggested a possible figure for compensation, GEC, its equal partner in BAC, mooted a figure of £200m during the nationalisation proceedings in 1977.

Vickers is also seeking compensation for shipbuilding assets nationalised during the formation of British Sphibuilders. It has taken the case to arbitration, having failed to reach a settlement in negotiations with the Government. Sir Peter said the group would "seriously consider" any proposal involving return of the nationalised assets.

Sir Peter said the "sad saga" of the negotiations had been "wounding and frustrating." A settlement "will enable us to make further plans for our future." It would result in a major reduction in interest paid by the group—which last year titalled £14.2m against pre-tax profits of £7.3m.

In this light, he said, the proposed merger with Rolls Royce Motors would be "less of a surprise," and more an "exciting and positive act."

The merger, he believed, would give "both of the companies a wider base, making a new and stronger company better placed for the future than either on its own."

Replying to shareholders' questions, Sir Peter argued that the venture would "not be taking money out of the business, but keeping the money we have got in an enlarged business, leaving our options open." The terms of the agreed bid, he said, were "a fair and reasonable distribution for both companies."

Vickers so far this year had seen trading profits ahead at the pre-interest level. The chairman noted a generally difficult outlook for industry, but expected that the advance in trading profits would be maintained throughout the period.

The meeting saw the retirement of two directors, Mr. P. D. Scott Maxwell, formerly the group's chief executive in Australia; and Mr. K. W. Ketteringham, who has joined France's CIT-Alcatel following Vickers' sale of its International Machines subsidiary for £25m earlier this week.

Vickers plans an extraordinary meeting as soon as possible to gain shareholder approval for its its one-for-two all-share offer for Rolls-Royce. A Rolls spokesman said yesterday that he was not aware of any likely counter-bid for the group.

Vickers shares closed at 128p yesterday, against Wednesday's 129p suspension price, valuing the bid at £37.8m, or 64p per Rolls-Royce share, compared with a Rolls closing price of 67p.

BCSC seeks full control of Swan Portland

WITH the blessing of the Australian Government's Foreign Investment Review Board, Blue Circle Southern Cement, the largest cement group in Australia, is pressing ahead with its plan to secure full control of Perth-based Swan Portland Cement.

BCSC, in which Blue Circle Industries, Britain's leading cement manufacturer, and Broken Hill Properietary each has a 42 per cent interest, already holds a 56.7 per cent stake in Swan and is offering A$5.33m (£2.68m) to obtain the rest. The terms are one BCSC share plus A$0.95 cash or A$1.95 cash for each of the Swan shares.

The offer—which is conditional on 90 per cent acceptance in respect of the shares from at least threequarters of the Swan holders—has been accepted by the directors of the company in respect of their shares. They advise other holders to accept.

Tebbitt on expansion

At the annual and extraordinary meeting of Tebbitt Group it was confirmed by Mr. J. Bentley, the chairman, that the leather, adhesives and structural engineering concern had embarked on a policy of acquisition.

The Board was currently examining four possible acquisitions of public companies, all of which had a major, if not total, property element, at estimated bid prices of between £1m to £6m, and for which any purchase price was anticipated to be approximately equivalent to those companies' net asset values.

Any one or a possible combination of these companies might be acquired either totally or in part, Mr. Bentley said.

Mitchell Somers purchase

Mitchell Somers, maker of heavy forged parts for the oil industry, has acquired the Harpenden-based Tritube, which stocks and supplies a wide range of pipes, valves and fittings to the petro-chemical industry.

An initial non-returnable down payment of £800,000 has been made, but the total consideration, to be satisfied in cash, will be equal to 3.3 times the average annual profits of Tritube for the three years ending December 31, 1982.

Pre-tax profits of Tritube for 1979 amounted to £229,000 on sales of £7.14m. Net tangible assets at December 31, 1979 were £871,000.

The company has built up a consumer list which includes many well known international companies, while a considerable proportion of its sales are exported, either directly or indirectly, through certain British contractors.

The directors of Mitchell Somers believe the acquisition will enable their company to become a direct supplier to the world's major oil companies while complementing its existing position.

PYKE/FAREFREEZE

Pyke (Holdings) has acquired Farefreeze, wholesale butcher, for £25,000, satisfied by 50,000 Pyke shares.

The shares will rank for any dividend declared for the year ending June 30, 1980.

Farefreeze had net tangible assets at March 1, 1980, amounting to £20,038 and over the period August 24, 1978, to March 1, 1980, had sustained a net trading loss of approximately £90,000.

Mr. M. J. G. Cox, a director of Farefreeze, was appointed to the Pyke board on March 4, 1980.

CHARTERHOUSE/ KEYSER ULLMANN

Grieveson Grant and Co., as associates of the Charterhouse Group, report that they have bought 20,000 Keyser Ullmann at 85½p xd and 20,000 at 87p xd for two partners of Grieveson.

Cowie has over 92% of Ewer

BY ROBIN PAULEY

T. Cowie, the Sunderland-based motor vehicle group, has secured control of 92.34 per cent of the capital of George Ewer, the Grey Green coach operator and motor dealer, as enlarged by Ewer's acquisition of Eastern Tractors.

Ewer shareholders appear to have responded to their board's advice to accept the all cash offer. Acceptances of Cowie's basic offer of 52½p per share have been received in respect of 10,997,419 shares, but this included acceptances of the all cash offer for 10,182,586 Ewer shares.

Cowie now has a total of 18,761,419 Ewer shares. The all cash offer has now closed but the basic offer will remain open until further notice.

HENDERSON-KENTON SUBSIDIARY SOLD

Following the acquisition of Henderson Kenton by Harris Queensway Group, the Henderson-Kenton instalment credit business has been sold to Tricity Finance.

The sale has realised proceeds of some £12m, compared with a net book value, after deducting the deferred profit reserve, of approximately £10.5m for the total outstanding unpaid balances on June 20, 1980.

ELECTRA LIFTS HAWLEY STAKE

Electra Investment Trust and Electra Fund Managers have acquired a further 422,634 ordinary shares in Hawley Leisure. Electra now has an interest of 9.1 per cent.

PERGAMON-INFOLINE

Following he Pergamon Press acquisition of Infoline, the new company to be known as Pergamon-Infoline has entered into an exclusive agreement with Scicon Computer Services, a subsidiary of BP, to provide the computers and to co-operate in database activities and on-line services.

DOBSON PARK BUYS WOLF SHARES

Fielding Newson-Smith and Co., broker, has bought 545,000 Wolf Electric Tool shares at 106 1/16p on behalf of Dobson Park Industries.

SHARE STAKES

Huntleigh Group—Mr. D. A. Higgs, director, has disposed of 24,000 shares. Hhis wife has disposed of 30,000.

J. Hepworth and Son—Mr. A. W. Pirie, director, has disposed of 12,500 shares.

Lee Cooper Group—Mr. M. B. Gluck, director ,has disposed of 50,000 shares.

Hambro Life Assurance—Mr. J. G. Joffe, director, has disposed of 10,000 shares from his non-beneficial interest.

Mothercare—Mr. A. Mowlem, director, has disposed of 30,000 ordinary.

Hoveringham Group — George Wimpey has sold its 1,732,500 restricted voting ordinary.

Amber Industrial Holdings — As a result of recent purchases Caledonia Investments now holds 1,957,631 ordinary (75.02 per cent).

Rowntree Mackintosh — The Trustees of Joseph Rowntree Memorial Trust have disposed of 25,000 shares at 160p and are now interested in 7.55m shares (6.99 per cent). Sir Donald Barron, chairman, is a trustee.

Marley—Mr. T. P. O'Sullivan, director, has disposed of 30,000 ordinary.

Wiggins Construct — Gee Walker and Slater hold 88,225 shares (13.53 per cent).

Henden/Stuart Plant — Mr. M. D. Goodwin now holds 1.71m shares.

Carless, Capel and Leonard — Mr. J. T. Leonard, director, has disposed of rights to 68,380 ordinary.

Forminster—Morgan Grenfell Exempt Fund has become interested in 220,000 ordinary shares (5.94 per cent).

Hewden/Stuart Plant — Mr. R. G. Stuart, director, has disposed of 70,000 ordinary.

British Electric Traction—Mr. L. M. Thompson and Mr. R. W. Denny, both Rediffusion directors, have acquired 16,000 and 30,000 shares respectively as a result of exercising options.

Town Centre Securities—Mr. N. Ziff, director, has disposed of 25,000 shares.

Debenhams—Mr. R. C. Thornton, director, has acquired 88,000 shares.

Monks Investment Trust—Kuwait Investment Office has acquired 650,000 ordinary shares and now hold 4,080,000 units (5.26 per cent).

A. F. Bulgin—Mr. R. A. Bulgin, director, has disposed of 25,000 "A" ordinary. The beneficial interest of Mr. R. E. Bulgin, director, has been reduced by 18,000 "A" ordinary.

Arthur Guinness—Mr. A. P. B. Guinness, director, has acquired a non-beneficial interest in 10,000 ordinary. He now holds 25,538 shares beneficially.

Pennine Commercial Holdings—Prenwain Developments has reduced its shareholding to below 5 per cent.

Martin the Newsagent—Royal London Mutual Insurance Society has disposed of 62,000 ordinary and now hold 338,067 shares (5.19 per cent).

Saatchi and Saatchi Co. — J. K. Gill, director, has disposed of 25,000 ordinary.

BANK RETURN

	Wednesday June 25 1980	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14 553 000	—
Public Deposits	31,310,578	— 1,310,371
Special Deposits	242,425,000	—
Bankers Deposits	445,770,134	— 27,045,571
Reserve & other Accounts	605,411,672	— 5,917,679
	1,339,470,384	— 34,273,621
ASSETS		
Government Securities	938,032,064	+ 363,560,000
Advances & Other Accounts	225,248,089	— 392,102,429
Premises Equipment & Other Secs.	164,098,771	— 11,775,728
Notes	11,750,643	+ 6,018,969
Coin	340,817	+ 35 567
	1,339,470,384	— 34,273,621
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,075,000,000	+ 100,000,000
In Circulation	10,063,249,357	+ 93,981,031
In Banking Department	11,750,643	+ 6,018,969
ASSETS		
Government Debt	11,015,100	—
Other Govermennt Securities	8,044,653,710	— 595,333,912
Other Securities	2,019,331,190	+ 695,333,912
	10.075.000 000	+ 100,000,000

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN C	F.300	11	3	1	8.50	—	—	F.293
AKZ C	F.20	—	—	10	4.70	—	—	F.23.40
AKZ C	F.22.50	—	—	—	—	21	3.20	"
AKZ C	F.25	10	0.20	115	1	47	1.50	"
AKZ C	F.27.50	—	—	50	0.50	—	—	"
AKZ P	F.22.50	10	0.10	—	—	—	—	"
AKZ P	F.25	—	—	20	1.70	—	—	"
ARB C	F.65	15	1	—	—	—	—	F.65.10
EK C	$60	2	5/8	2	2 1/2	—	—	$57 5/8
HEI C	F.55	—	—	1	3.80	—	—	F.56.10
HEI C	F.60	—	—	5	2.20	—	—	"
HEI C	F.65	—	—	—	—	16	2.50	"
IBM C	$60	100	1 3/16	—	—	—	—	$60 1/4
IBM C	$65	—	—	6	1 3/4	—	—	"
KLM C	F.60	—	—	5	4.80	—	—	F.60.20
KLM P	F.70	12	10	10	11.30	—	—	"
KLM P	F.80	15	20	—	—	—	—	"
NN C	F.110	—	—	4	5.60	—	—	F.111.50
NN C	F.120	—	—	3	1.60	—	—	"
PET C	Fr.5000	—	270	—	—	—	—	Fr.5130
PET C	Fr.5500	—	—	—	—	3	370	"
PET C	Fr.6600	17	1	—	—	—	—	"
PHI C	F.17.50	69	0.40	47	1	77	1.50	F.17.50
PHI C	F.20	—	—	47	0.30	—	—	"
PHI P	F.17.50	—	—	2	0.70	—	—	"
PRD C	$25	—	—	—	—	23	2 1/2	$24 1/8
RD C	F.150	16	17.50	300	17.70	—	—	F.166.90
RD C	F.160	48	7.50	15	10	—	—	"
RD C	F.170	113	1.60	61	4	10	7	"
RD P	F.140	—	—	4	0.70	—	—	"
RD P	F.145	5	0.10	17	1.20	—	—	"
RD P	F.150	226	0.20	—	—	20	3.20	"
RD P	F.160	40	0.90	24	4.90	—	—	"
RD P	F.170	1	4.20	2	9.50	—	—	"
UNI C	F.115	27	2.80	3	6	—	—	F.116.90
UNI C	F.120	2	0.50	6	2.40	—	—	"
UNI P	F.110	10	0.30	5	1.60	—	—	"
UNI P	F.115	23	0.50	—	—	—	—	"
XON C	$70	20	1 5/8	1	2 7/8	—	—	$68 7/8
		Aug.		**Nov.**		**Feb.**		
BAS C	DM.140	20	6.80	—	—	—	—	DM147.20
MMW C	DM.120	5	4.80	1	7	—	—	DM124.80
OXY C	$30	—	—	2	1 3/4	—	—	$28 3/4
SLB C	$110	3	10 3/4	12	14	—	—	$119 1/2
SLB C	$120	4	4	17	8	11	11 1/2	"

TOTAL VOLUME IN CONTRACTS 1851

C=Call P=Put

● NEWS ANALYSIS—FOSECO BID FOR UNICORN INDUSTRIES

'A potentially beautiful fit'

BY ANDREW FISHER

"THEY selected us. We didn't go looking for them," said Mr. Brian Ball-Greene, chairman of Unicorn Industries, the abrasives company which has just accepted a £40m bid from Foseco Minsep.

The two groups operate in fairly unglamorous areas of industry, with Unicorn's products used at a later stage in the industrial process than those of Foseco, formed from the merger back in 1969 with Minerals Separation.

Foseco has three divisions covering metallurgical, construction and specialised chemical activities. Unicorn's operations span abrasives, diamond products, and minerals. It used to be known as Universal Grinding.

"Although the two companies are serving the same industries, they don't have one pound's worth of competitive products," commented Foseco's chairman, Dr. David Atterton.

The bulk of Foseco's sales, at least four-fifths, are made abroad, whereas Unicorn is much more heavily weighted towards the UK. Foseco hopes to add its financial, management and marketing resources to Unicorn to take it into new geographical markets and possibly develop new, though related, products.

"We believe that Unicorn could piggy-bank on the back of our companies," added Dr. Atterton. He said that the decision to bid for Unicorn did not stem from a deliberate attempt to boost its UK earnings for tax or other reasons.

Foseco's present finance director, Mr. Peter Welch, used to be with Unicorn until just over two years ago and has played an active part in the discussions leading up to the bid.

While there was a good deal of market overlap in western Europe and north America between the two companies, he said, Unicorn was not represented as well elsewhere as Foseco.

Foseco operates in over 30 countries and Unicorn in 18. In regions like the Middle and Far East, and Mexico, for instance, where Foseco is active, Unicorn has no businesses at all.

Geographically, therefore, Unicorn is at a very much earlier stage than Foseco, which reckons that it will be able to help it along in the search for overseas profits once the takeover goes through.

The news that Foseco was bidding for Unicorn did not come as any great surprise to the market, which had tipped it as one of the three companies most likely to make an offer, the other two being BTR and Dowty.

Unicorn announced just two weeks ago that it had received an offer that could lead to a bid. At that stage, the market put a £26m valuation on Unicorn, which did not say who had made the approach.

Its largest shareholder is the Kuwait Investment Office which has held a stake of nearly 10 per cent for the past three years through Securities Management Trust.

The major contributor to Unicorn's trading profits last year was diamond products with 43 per cent, with bonded and coated abrasives providing 39 per cent and the rest coming from minerals.

At the pre-tax level, Unicorn's profits suffered a setback last year from £7.4m to £6.5m, as a result of strikes and the interest cost of money raised to buy the remaining 50 per cent of Craelius, a Swedish mining equipment company, from Atlas Copco.

This year, assuming that Unicorn is not too hard hit by strikes, rising energy costs, and economic recession, Mr. Ball-Greene hopes for an upturn in profits.

At Foseco, where profits moved up from £17.4m to £18.4m before tax last year, "we're looking at 1980 bright-eyed and with confidence," said Mr. Welch.

Some analysts reckon that Foseco could push up profits by a tenth or more this year, with a corresponding improvement in the dividend.

One described the proposed acquisition as "a potentially beautiful fit." Resin technology and refractory type materials, for instance, lie behind a significant number of Foseco's products as well as being of key importance in the areas of grinding, diamond products and abrasives.

"Unicorn makes the materials; we have the applications," noted Mr. Welch. The Foseco side of Foseco Minsep serves the steel and foundry industry through products for moulding, melting and casting and to control the actual steelmaking process.

Fosroc makes chemical and engineering products for the building industry, while Fosmin, which ran into trouble last year on the automotive and do-it-yourself side, makes colour concentrates, speciality chemicals, and industrial lubricants and solvents.

Despite its vulnerability to the strength of sterling and the obvious weakness of the steel industry, the market tends to view Foseco as fairly recession-proof.

Barlow's initial result nears £4m

BARLOW HOLDINGS, the plantation group which was formed out of the merger last year of the four companies controlled by the Barlow family, had pre-tax profits of £3.98m in the year to December 31, 1979. In view of the reorganisation, there are no comparative figures.

Oil palms was the leading contributor to profits with £1.25m. Rubber's share was £789,695, cocoa £449,399 and copra £249,073. Income from dividends, interest and rents in the UK amounted to £1.23m.

There was a tax charge of £2.23m, leaving £1.74m, which excludes £57,706 surplus from land sales, after tax. After minorities of £53 129, attributable profit was £1.75m, and the stated earnings per 10p are 3.71p. The final dividend is 2p making the total 3p, and dividends absorb £1.41m. Retained profits came out at £335,968.

The Muar River Rubber Company, one of the four merged companies, share of the results is for nine months only.

J. Jackson improves in first half

WITH TURNOVER £2m higher at £15.4m, taxable profits of iron, steel and non-ferrous merchant, ... and H. B. Jackson, climbed from £1.52m to £1.82m for the half year to March 31, 1980.

Although the second six months will be adversely affected by the downturn in demand for cars, scrap metal and general engineering products, profits for the year are expected to top last year's record £3.02m.

Tax for the half year took £948,000 (£789,000) while stated earnings per 5p share improved from 3.02p to 3.63p. The net interim dividend is stepped up from 0.65p to 0.75p per share—last year's final was 0.75p.

Profits of £30,000 have been realised in the year to date on sales of quoted investments.

Stead and Simpson rises £0.5m and increases dividend to 3.25p

IMPROVEMENTS in both footwear retailing and motor trading divisions lifted pre-tax profits of Stead and Simpson to £3.81m in the year to March 31, 1980, compared with £3.3m. The dividend is lifted by 0.5p to 3.25p with a final of 2.25p.

Earnings per 25p share are shown up from 11.45p to 13.24p, or 9.71p (6.37p) after tax on an SSAP 15 basis of £1.02m (£1.46m).

Footwear retailing profits went ahead from £2.78m to £3.11m, while the surplus from motor trading rose to £701,000 (£519,000).

After tax and extraordinary credits of £144,000 (£315,000) arising from the disposal of properties, there is a net profit of £2.01m (£1.36m) of which dividends absorb £936,000 (£792,000).

Group turnover was £35.08m (£28.87m), including retail footwear sales of £21.26m (£17.27m) and motor trading £13.83m (£11.6m).

Reserves, adjusted for the change in accounting policy, were up from £17.71m to £19.72m.

● comment

Set against the performance of its competitors, the motor division of Stead and Simpson has made an impressive second half showing. Profits are up by 38.5 per cent and margins have improved by more than a point. Business was better than expected in the final three months and a major factor behind the rise was the group's exceptional financial strength. The footwear retailing side generates cash to offset stock financing costs in the motor business. Footwear was less successful in the second half, in part because of a dull Christmas period, and sales are still sluggish. Car sales, too, are being affected by a sharp slowdown in the market and the shares, unchanged at 42p yesterday, are rated accordingly. The p/e on fully taxed earnings is 6.3, fairly modest for a company which has roughly trebled earnings over the past five years. The 11.7 per cent yield looks secure as dividends are covered more than three times by attributable earnings.

Amalgamated Idls. omits preference

Amalgamated Industrials, which last month sold a 77 per cent stake in Derritron, the electronic equipment group, for £1.94m, is passing its preference dividend. The proceeds of the Derritron sale were said to be to reduce bank and other indebtedeness.

Amalgamated, a subsidiary of Seton Securities, announced yesterday that due to "cash flow problems" it would not be practicable to pay the interim dividend on the 10.6 per cent cumulative preference shares.

The company said it was possible that the next dividend on the 7 per cent preference shares would also not be paid but consideration would be given to it at the appropriate time. But the next payment of interest due on the debenture stock 1989-94 should not be in doubt, it added.

Tighter margins severely depress Flexello profits

UNABLE FULLY to recover increases in costs, margins of Flexello Castors and Wheels have declined in the half year to March 31, 1980 and as a result, pre-tax profits for the period slumped from £426,785 to £170,729, on turnover slightly ahead at £5.01m, compared with £4.9m.

Although every effort is being made to improve margins through greater efficiency and cost savings where possible, the directors of this maker of castors and wheels anticipate that full year profits will be substantially less than the previous year's £812,000.

There has been a significant reduction in the amount of new business generated in the UK and the company's domestic sales were below expectation, although export sales were close to target. Exports also suffered from the strong pound.

The company also incurred higher interest charges due to record interest rates and an increase in bank borrowings to finance the capital investment programme. This includes a number of cost reduction projects which will not be fully effective until 1981.

A change in accounting policy for deferred tax resulted in an increase of £25,000 in the year's pre-tax profits. Tax charge was down from £125,500 to £25,437 leaving a net balance of £145,292, compared with £301,285.

The interim dividend is held at 1.41p net per 25p share—the final last time was 2.32p.

Increased loss at Johnson and Barnes

Net losses of Johnson and Barnes increased to £143,838 for 1979, compared with £18,137 for the previous 18 months period. Turnover of this clothing manufacturer was £3.49m, against £2.95m.

In November, the directors warned that poor retail sales had affected both autumn sales and prices and prospects for the year were not encouraging.

Tax took £1,520 (£2,481) and the loss last time was also after charging an extraordinary debit of £198,752 and the £15,685 cost of the rights issue.

The result was after crediting profits of £1,881 (£49,754) on disposal of plant, reduced Temporary Employment Subsidy of £8,450 (£286,520) and an extraordinary credit of £7,894 this time.

Recovery by Whatlings

HELPED BY a mild winter, Whatlings, civil engineering and building contractor, recovered from pre-tax losses of £280,000 to a surplus of £99,000 in the half year to March 31, 1980. The deficit last time included non-recurring losses of £120,000 on Middle East operations.

The directors are confident there will be a further improvement in the remainder of the year, although they say cuts in public expenditure which continue to depress margins and make the future workload uncertain mean it would be unwise to give a specific forecast.

Turnover in the first half rose from £8.05m to £11.92m and the directors forecast that turnover for the full year will be a record, partly due to the high rate of inflation.

After taking £52,000 to deferred tax reserve (£146,000 from reserve), earnings per 25p share are shown as 1.17p (3.35p loss).

The interim dividend is held at 0.9p net—a total of 1.9p was paid last year, when there was a pre-tax loss of £271,000.

Radiant Metal moves ahead and pays 3p

Taxable profits of Radiant Metal Finishing Co. advanced from £196,388 to £269,240 in the year to February 29, 1980 and the dividend is stepped up from 2.1p to 3p net with a final of 2p.

The surplus includes net profits on the realisation of investments of £21,008 (£4,923) and other income of £54,234 (£33,238).

Turnover of the electro-plating, metal finishing and retail home furnishing group went ahead from £717,685 to £905,807. Net profits rose from £68,854 to £103,204 after tax of £125,236 (£98,974).

John Booth setback

A drop from £194,065 to £29,666 in pre-tax profits is reported by John Booth and Sons (Bolton), structural and welding engineer, for the year to March 31, 1980 on turnover £8.47m, against £7.77m.

The dividend is being cut from 2.16p to 1p.

There was a tax credit of £10,477 (charge £86,879). The attributable profit is £17,611 compared with £45,616 after extraordinary items and minorities. Stated earnings per 25p stock unit are 3.55p (10.42p).

Whittington reaches £0.8m

On turnover of £1.38m, pre-tax profits of Whittington Engineering Co reached £184,162 for the year ended March 31, 1980, with £73,041 coming in the first half. For the previous 15 months period, profits were £225,000 from turnover of £1.66m.

A net final dividend of 2.1p makes a total for the year of 3.5p per 25p share, compared with an equivalent 4.267p.

Tax took £63,772 giving net profits for 1979-80 of £120,440.

Hoveringham trading well

Results to date of the Hoveringham Group showed an expected improvement over the first half of 1979 although the impact of recession was being felt progressively, Mr. Christopher Needler, chairman told the annual meeting.

Inevitably there was considerable concern about the second half of the year, but the chairman was still hopeful of maintaining for 1980, the level of profit achieved last year.

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Strong rise in earnings at Dean Witter

By David Lascelles in New York

DEAN WITTER REYNOLDS, one of the top half-dozen brokerage houses on Wall Street, reported a strong gain in third quarter earnings yesterday, mainly thanks to the success of its diversified activities.

For the quarter ending May 31, net income was $11.1m ($1.37 a share), up from $2.45m ($0.29) in the same period last year. This brought nine-month earnings to $26.4m ($3.26), up from $4.94m ($0.57).

Mr. Andrew Melton, chairman and chief executive officer, attributed the rise to a number of factors, including a substantial increase in profits from the investment banking group

Commission income, on the other hand, declined, against a background of a 19 per cent decline in daily volume on the New York Stock Exchange.

E. F. Hutton, another large Wall Street broker, also announced yesterday that it expects to report "very strong earnings for the second quarter ending June 30," and that earnings for the first six months should exceed the $37m record total for the full 1979 period.

Hutton achieved net profits of $20m in the first quarter and it expects the second quarter to produce a similar result. Hutton also announced a five-for-four stock split and that it intends to maintain its dividend at 20 cents a share, effectively raising the payout to 25 cents.

Sharp slowdown in sales puts brake on Pillsbury

BY OUR FINANCIAL STAFF

A SIGNIFICANT slowdown in sales was recorded in the closing quarter of fiscal 1980 by Pillsbury, the Minneapolis-based consumer foods and Burger King restaurant group. However, earnings are on target at $5.22 a share for the year, compared with $4.62 last time. Analysts on Wall Street have previously forecast a further rise of 12 per cent in earnings in the coming year.

Net earnings for the full year are 25 per cent higher at $104.7m, on sales 36 per cent higher at $3bn.

But after gains of 52 per cent in sales and 29 per cent in earnings in the first nine months, the final quarter showed a sharp check in trading performance. Sales grew by only 15 per cent to $810.6m, and net earnings by a similar amount to $25.4m. Moreover, net earnings for the final quarter were increased by $3.5m by a tax reduction and $2m from an insurance recovery gain. Without these extraordinary gains, total net would have been below last year's $22m.

Pillsbury, which earns around 40 per cent of profit from consumer foods ranging from dry groceries, frozen pizza, canned vegetables and apple juice, and about the same from its fast-food restaurant franchises, is expected to maintain growth, with recessionary factors having only slight impact on food operations.

During the early part of the year, the group was able to increase both prices and volume, and grocery earnings benefited from the inclusion for the first time of Green Giant. But higher interest charges pared earnings gains.

Meanwhile, Pillsbury plans capital spending of $265m in fiscal 1981, up from $255m in the year ended May 31 last. About 60 per cent of this year's total will be spent for restaurants.

The company said its Burger King chain had real volume growth of 3 per cent per unit last year with average sales per domestic unit of $710,000.

Burger King opened 344 outlets in fiscal 1980 to raise its total to 2,766 at the year-end.

Pillsbury said Steak and Ale opened 37 new outlets for a total of 227, and average sales per unit were $1.14m. Poppin Fresh Pie shops opened 14 units for a total of 69 by the end of year, and average sales per unit were $945,000.

Chase chooses next president

BY DAVID LASCELLES IN NEW YORK

THE FINAL pieces in the succession at Chase Manhattan Bank fell into place this week, paving the way for the retirement of Mr. David Rockefeller, its chairman, next April.

Mr. Tom Labrecque, an executive vice-president, was named president-elect of the third largest U.S. bank, to succeed Mr. Willard Butcher, who will become chairman. Mr. Labrecque, 41, is currently responsible for most of the bank's commercial and retail operations.

At a Press conference Mr. Rockefeller said the announcement had been brought forward from next month because of the appointment earlier this week of Mr. Barry Sullivan, another Chase executive vice-president, to the chairmanship of First Chicago Corporation, holding company for the ninth largest U.S. bank. Mr. Sullivan had widely been expected to succeed Mr. Butcher as president and some Wall Street commentators speculated yesterday that Mr. Labrecque had been a last-minute choice.

However, Mr. Butcher said that the decision to name Mr. Labrecque had been taken in April, implying that Mr. Sullivan had never been in the race. Mr. Butcher also expressed the strongest confidence in Mr. Labrecque's abilities, insisting that the announcement had been made early to damp down speculation

In Wednesday's reshuffle Mr. Labrecque and Mr. William Ogden, the bank's chief financial officer, were both also appointed vice-chairmen

Sale of Arctic gas moves a step closer

BY ROBERT GIBBENS IN MONTREAL

A KEY step has been taken towards marketing the first Arctic Islands natural gas. The effect is to underpin the C$2.5bn ($2.17bn) project to ship liquefied natural gas (LNG) from Melville Island in the high Arctic in ice-breaker LNG carriers to the Canadian east coast

Petro-Canada, the national oil company has signed firm commitments with U.S. gas distributors for offset sales of western Canada natural gas which will allow the higher export price to be paid for the LNG when it is landed in Canada.

Option agreements have been signed with the Canadian affiliates of Tennesee Gas Pipeline, Texas Eastern Transmission, Northern Natural Gas and Columbia Gas Transmission for it to sell them 450m cubic feet daily of Canadian gas at the U.S. border. Tennesee Gas Pipeline, a division of Tenneco, would get half the total amount and the other three U.S. gas distributors would split the rest. The gas will come from ample western Canada reserves over a 20-year period. About half the amount will become available from 1983 and half from 1985.

The latter would be equivalent to the 225m to 250m cu ft daily to be shipped from the Arctic by the LNG carriers to the Canadian east coast. However, the equivalent gas taken by the U.S. distributors would fetch export prices which are higher than Canadian domestic prices and will remain so. By a mechanism not yet revealed, the difference between the two will become available to the Arctic Pilot Project (APP) to bring the Arctic gas south. Petro-Canada has said export prices will be required to make the economics of the Arctic project viable.

The Melville Island gas fields, more than 2,000 miles north of Calgary, contain proven reserves of around seven trillion cu ft so far. About $600m has been spent in Arctic Islands oil and gas exploration —excluding the Beaufort Sea— over the past 11 years. Arctic pilot project offers the first prospect of financial return.

APP is controlled by Petro-Canada with a 37.5 per cent interest; Alberta Gas Trunk Line has a 25 per cent interest; Dome Petroleum 20 per cent and the Melville Group of shipping firms 17.5 per cent.

Gas from the Sabine Peninsula of Northern Melville will be piped to Bridport Bay on the south coast, where it will be liquefied and stored. Two ice-breaker carriers, costing an estimated C$700m, will transport the LNG via Lancaster Sound and the Labrador coast, to a terminal in the Maritime provinces or Quebec.

Planning has been in progress for several years, and the stage of ordering the carriers is nearing. The APP, if it finally goes ahead, will provide a pattern for getting gas out of the second area where reserves are prolific —King Christian Island. The Arctic gas pipeline project, Polar Gas, has been delayed seriously by a temporary bulge in North America's available gas supply.

Chrysler reaffirms final quarter profit hope

By Our New York Staff

WITH ITS $1.5bn Federal rescue package finally in the bag, Chrysler has reaffirmed its hope that it can start making a profit again in the final quarter of this year.

An ebullient Mr. Lee Iacocca, chairman, told a press conference in New York: "We hope we'll be able to see some black ink towards the end of the year."

Mr. Iacocca said he pinned these hopes on the success of the K-car, the new fuel-efficient model which is due to appear in the 1981 model year. He said the production schedule had been brought forward two weeks, which would enable Chrysler to produce more of them this year than first planned.

Mr. Iacocca also said that he expected Chrysler would have to borrow $250-$300m on top of the $500m it drew down under the Federal package this week. The new loan would probably be made in the third quarter, he said.

Chrysler's hope of making a profit in the final quarter has been part of its financial plan for some time, and it is one reason why the carmaker has been saying that the full-year loss may not be as big as some people expect. Chrysler is sticking to its $750m loss projection. Others say it will be closer to $1bn.

Chrysler last made a profit in the final quarter of 1978. But that was an isolated one. Sustained profitability ended in mid-1977.

Esmark puts subsidiaries up for sale

By Our Financial Staff

THE BOARD of Esmark, the diversified industrial group, has approved plans to sell Vickers Energy including Vickers Petroleum and Trans Ocean Oil. The Vickers subsidiaries refine market petroleum products, while Trans Ocean produces oil and gas.

The company said certain units of its Swift fresh meats division will be closed, and the remaining units will become a separate company. Esmark said it is actively pursuing the sale of the new company.

The sale of Vickers Energy would be contingent upon Esmark's assessment of the relationship between any offer to purchase Vickers Energy's potential as a continuing part of Esmark.

Assuming a sale of Vickers Energy will be consummated, Esmark said it will seek to buy about 50 per cent of the Esmark common shares outstanding.

Esmark's plan calls for an offer of $30 cash plus a subordinated debenture with a $40 undiscounted value for each common share. The interest rates and maturity schedules for the debentures will be determinde later but it is anticipated the debentures will be valued at less than $40.

The sale of Vickers Energy would result in a large credit to income which would be reduced, but not eliminated, by the charges resulting from the other transactions.

Esmark said Swift, with its major activities in the processed food area, will remain "an important part of Esmark's future."

Mr. Donald Kelly, president and chief executive of Esmark, said he hoped "major portions" of the restructuring could be completed by the end of 1980.

Slowdown seen by Cox Broadcasting

By Our Financial Staff

COX BROADCASTING Corporation has forecast that third quarter earnings may not show an increase because of the company's continued heavy spending on cable television franchises and the poor economy.

Mr Clifford M. Kirtland, the president, repeated an earlier projection that second quarter earnings would rise by about 15 per cent and revenues by about 20 per cent. He said that in the second quarter income from cable TV operations would show a decrease as a result of the high cost of franchise developments in a number of major markets and higher depreciation charges.

Cox has decided to sell its United Technical Publications subsidiary and "potential buyers are presently being identified."

Cox lifted revenue from $230.4m to $271.2m in 1979

City Investing bid

Tamco Enterprises, headed by Mr. Lyman Hamilton, former president of International Telephone and Telegraph, has increased its offer for City Investing from $30 to $32.50 a share, our New York Staff writes. This values the financial conglomerate at $1.2bn.

Chemical Bank plans issue in special drawing rights

BY PETER MONTAGNON

CHEMICAL BANK is to make the first issue of Certificates of Deposit denominated in Special Drawing Rights, the basket of currencies used by the International Monetary Fund. The issue, announced yesterday, is for SDR 50m in three- and six-month CDs.

Interest has been set at the market weighted average of the 16 currencies which comprise the SDR without any extra spread. This gives 11.4 per cent for the three-month certificates and 11.1 per cent for six months. The issue has been fully placed with investors in Europe, the Middle East and the Far East.

The issue is managed by Chemical Bank International which intends to maintain a secondary market in the certificates.

Alongside a number of other international banks Chemical has for some time, maintained deposit facilities in special drawing rights. The SDR valuation is calculated on exactly the basis used by the IMF with payment on such deposits being possible in any convertible currency.

The transaction currency for the CD issue will, however, be limited to the dollar. An interesting feature is that the interest rate is some 1½ percentage points higher than that presently obtainable on similar dollar-denominated CDs.

This is because the SDR currency basket also incorporates some high interest currencies such as sterling, the yen and the Italian lira. By buying the CDs the investor is able to profit from these high interest rates at the same time as limiting the possible exchange rate losses that might occur on, say, an investment in sterling.

Chemical Bank International officials yesterday reported a growing interest in SDRs among their clients. They said that the bank's total intake of SDR-denominated deposits jumped to some SDR 500m in the last six months from about SDR 200m in the preceding half-year.

This, they say, is in part due to the IMF decision to put its substitution account plan on ice. The depositors include central banks as well as multinational institutions and publicly-owned banks and multinational corporations.

For these investors the SDR deposits represent a useful hedging opportunity, especially for those which have income denominated in SDRs.

Growth of the money market in SDRs, however, may be restricted to some extent by the problems faced by banks in matching SDR liabilities with assets in precisely the same proportion of currencies that make up the SDR basket.

Dollar tap bond for Kontrollbank

BY FRANCIS GHILES

OESTERREICHISCHE Kontrollbank is arranging a tap issue in the dollar Eurobond market which could amount to $150m for five years through a group led by Orion Bank. A first tranche of $50m is currently on offer.

The lead manager is offering the paper on a yield basis, in this case approximately 10 per cent. This formula, which was initiated by S. G. Warburg with a straight dollar issue for Sweden last summer, should ensure that the final terms are not out of line with market conditions when the issue is priced in 10 days.

The very rare appearance of Austrian paper in the dollar sector—Austrian borrowers have previously concentrated their fund raising efforts in the Deutsche Mark and Swiss franc sectors should help ensure a good reception for these bonds.

OKB a month ago cancelled an Austrian schilling denominated Eurobond at very short notice, citing changed conditions on the domestic market.

A $57.5m se ven year bullet issue at par is being arranged for the City of Montreal through Westdeutsche Landesbank. The coupon is 10¼ per cent.

Buyers of fixed interest dolar bonds were more active yesterday than earlier in the week. Prices dipped in the morning but recovered during the afternoon to close only ⅛ lower.

Solvay Finance meanwhile is arranging a LuxFr 500m seven-year issue carrying a coupon of 10¼ per cent through Banque Generale du Luxembourg.

Prices of foreign D-mark bonds were unchanged yesterday while those of Swiss franc bonds edged up by ⅛ of a point.

● Citibank announced yesterday the signing of the $260m financing package ararnged for the Venezuelan steel concern Sidor. The package incorporates an eight-year syndicated credit for an amount of $210m and a $50m floating rate note, writes Peter Monagnon.

Terms on the note have been set at a margin of ⅞ per cent over Libor for eight years with a minimum rate of 6¼ per cent.

One of the two $105m tranches of the syndicated credit bears interest at ½ per cent over U.S. prime rate for the first four years rising to ⅝ per cent thereafter, while the other carries a margin over Libor of ⅞ per cent for four years rising to ⅞ per cent.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on June 26

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	93	93½	−0⅛	−0⅝	11.23
Australian Res. 9⅝ 84	30	96¾	97¼	+0⅛	0	10.59
Beneficial Fin. 9¼ 87	100	93	93½	−0¼	−0⅜	11.18
CECA Grad. Rate 12 86	100	99⅝	100⅛	−0⅛	−0⅛	11.24
CECA 11¾ 90	50	99⅝	100⅛	0	−1⅛	11.84
CECA 11½ 88	100	101⅛	101⅝	−0¼	−1⅛	11.22
Canadian Pacific 9¼ 89	50	93¾	94¼	−0⅛	−1	10.83
Carter Hawley 9¾ 86	50	93¼	94⅛	+0⅛	−0⅛	11.17
Continental Grp. 9⅞ 86	100	94⅛	94⅝	−0⅛	−0⅜	10.95
Denmark 11¾ 90	100	100⅜	100⅝	−0⅛	−0⅞	11.68
Dome Petroleum 13½ 92	50	104⅝	104⅞	0	−0⅞	12.73
EEC 11 95	75	97⅜	97⅞	−0⅛	−1⅛	11.35
EIB 11¾ 92	80	99⅛	99⅝	−0⅛	−1	11.83
EIB 13½ 90	100	107⅜	107⅞	−0⅛	−1½	12.38
Eksportfinans 11½ 87	50	100⅜	101⅛	−0⅛	−0⅞	11.00
Export Dv. Cpn. 9¾ 84	150	97½	98	−0⅛	−0⅛	10.42
Export Dv. Cpn. 12⅜ 87	100	105⅜	106⅛	−0⅛	−1⅛	11.46
Federal Dev. Bk. 12¼ 85	75	104⅝	105⅛	−0⅛	−0⅞	10.89
Finland, Rep. of 9½ 86	100	94	94½	0	−0¼	10.88
Ford O/S Fin. 12⅝ 85	250	100½	101	−0⅞	−0⅜	12.39
George Weston 13½ 87	30	102½	103	−0⅛	−0⅛	12.87
GTE Finance 9¾ 89	55	91⅝	92⅛	0	−0½	11.23
GMAC 9⅜ 86	100	94½	95	0	−0½	10.47
GMAC O/S Fin. 11 84	100	100⅜	100⅞	−0⅛	−0⅜	10.81
GMAC O/S Fin. 13¼ 85	100	106⅛	106⅝	−0¼	−0¼	11.54
Goodyear O/S 12½ 87	75	98⅞	99⅜	−0⅛	−0½	12.69
IBM Canada 10½ 85	50	100	100½	−0½	−1	10.43
ICI Fin. Ned. 11 83	100	100⅝	101⅛	−0⅞	−0⅝	10.62
Kennecott Int. 9½ 86	100	90½	91	0	+0⅛	11.75
McGraw 13½ 85	75	102⅞	103⅜	−0⅛	−0⅝	12.57
[illegible] 10 94	125	90⅛	90⅝	−1	−1⅞	11.37
Nat. Des. Telecm. 9½ 86	100	95⅜	95⅞	−0⅛	−1⅛	10.52
Norway 9½ 84	150	97⅜	97⅞	−0⅛	−0⅛	10.26
Norwest Ind. 13⅜ 87	50	101⅜	101⅞	−0⅛	−0⅝	13.25
Nova Scotia Pwr. 9¾ 89	50	93¼	93¾	0	−0⅛	10.92
Quebec, Hydro 11½ 92	100	98⅜	98⅞	0	−0⅞	11.72
Rovlease Ltd. 11¼ 85	50	101⅛	101⅝	−0⅛	−0⅞	10.87
SNCF 12⅜ 85	50	105⅛	105⅝	−0⅞	−1⅞	10.88
Statoil 9⅝ 89	100	94½	94¾	−0⅛	−0⅞	10.59
Swed Ex. Cred. 12½ 85	40	104⅜	104⅞	+0⅛	+0⅛	11.19
Sweden 9¾ 89	100	93⅞	94⅜	0	−0⅛	10.80
Sweden 9¾ 84	100	97½	98	−0¼	−0⅛	10.43
Warner-Lambert 9 84	100	95⅜	95⅞	−0⅛	−1	10.39

Average price changes... On day −0⅛ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	102⅜	102⅞	−0⅛	−0⅛	8.51
Asian Dev. Bank 10 90	200	109	109½	+0⅛	−0⅛	8.55
Australian 8⅛ 90	250	101⅝	102⅛	−0½	0	7.87
BFCE 7¾ 87	100	99⅝	100⅛	+0⅛	+0⅛	7.79
[illegible] 8¼ 95	100	99⅝	100⅛	+0⅛	+0½	8.10
Brazil 8 87	150	93¾	94¼	+0⅛	−0⅛	9.23
CECA 7 91	150	93½	93⅞	0	−1	7.91
Council of Eur. 7¾ 89	100	94⅝	95⅛	0	0	8.06

هكذا من الأصل

Sharp rise in pre-tax income for Club Med

By Terry Dodsworth in Paris

CLUB MEDITERRANEE, the French holiday group, has marked up a 31 per cent increase in pre-tax profits for the first six months of this year.

The increase, to FFr 35m ($8.3m), has been achieved on growth of only 12 per cent in the number of overnight stays sold by the company.

These went up to almost 2.3m in the first half of the year, while turnover rose by 27 per cent from FFr 610m to FFr 772m. The company's financial year runs to the end of October, so these figures have been achieved in the winter period, indicating the trend towards winter holidaymaking.

The results also follow healthy profits in 1978-79, when Club Mediterranee withstood the pressures on consumer spending without difficulty. Non-consolidated profits rose by 18.5 per cent to FFr 83.7m.

● Trading at Total oil group, CFP, is likely to present a different picture this year to that shown for 1979, yesterday's annual meeting was told.

The opening six months of 1980 will "doubtless be marked by satisfactory economic results" but any forecast for the year as a whole must remain uncertain.

Higher turnover at Mannesmann

By Our Financial Staff

MANNESMANN group turnover in the first five months of 1980 was DM 4.6bn ($2.16bn) up 2 per cent from the year ago period, Herr Egon Overbeck, management board chairman, told the annual meeting.

The group's plant construction division recorded increased orders in the first months of 1980 and is currently working on numerous tenders which are expected to yield a number of new major orders this year. Turnover from Mannesmann's trading operations also increased.

BASF faces flatter sales after solid first half

BY OUR FINANCIAL STAFF

BASF, one of the big three chemical groups in West Germany, reports solid gains in sales for the first six months of 1980 but indicates that actual trends in underlying demand are far from exciting.

Group sales for the half year are 13 per cent ahead at DM 14.2bn ($8bn) and within this performance the parent company has managed an improvement of 17 per cent to DM 6.8bn, shareholders were told at the annual meeting in Ludwigshafen.

However, the BASF management made it equally clear that much of this upturn sprang from "relatively high growth" in the first quarter of 1980 and that subsequent volume of sales had been running at less than their levels of a year ago.

Herr Matthias Seefelder, Chairman, said the higher turnover resulted entirely from higher prices. The weak unit sales indicate a decline in the West German economy.

Incoming orders are also declining, as buyers seem uncertain about future economic developments, he said. This economic trend is being influenced increasingly by world-wide political uncertainty hampering world trade, Herr Seefelder told the meeting.

He also cited the difficulty arising from recessionary tendencies, especially in the U.S.

Last year BASF proved one of the more successful of the German chemical majors, lifting profits by 48 per cent at the pre-tax level on a sales gain of more than a fifth.

The group gained substantially from its involvement in energy (oil, gas and coal) as well as its wide interests in oil refining and marketing. Basic petro-chemical production was also a factor in last year's profits growth.

The results allowed the company to increase its dividend by a third to DM 8 a share, compared to DM 6 paid for 1978. BASF acquired a London stock market listing in May of this year.

● Hoten, the German department store group, has lifted turnover by 6.1 per cent for the first five months of 1980, the annual meeting was told. As for profits, the results achieved so far this year were "similar" to 1979. Last year net profit, excluding the travel agency activities, stood at DM 20m on sales of DM 3.73bn.

Swedish paper group seeks aid

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN COPENHAGEN

THE MANAGEMENT of Norrlands Skogsägares Cellulosa (NCB), the North Swedish forest owners' paper-making cooperative in which the state took a 73.4 per cent holding last year, is asking for a further capital injection of up to SKr 955m ($230m) to get the concern on its feet.

In the years 1977-78 and 1978-1979 NCB incurred pre-tax losses totalling SKr 593m and then ran into a liquidity crisis early in 1979 after reporting year-end 1978 debts of more than SKr 2bn. In April last year the Government agreed to put in SKr 600m in new capital. In February this year the company took up a $46.5m Euro-credit to help repay existing short-term debt.

NCB's basic problems have been a shortage of raw material and the fact that several of its mills are old and unprofitable.

The restructuring plan outlined by Mr. Folke Rydbo, the new managing director, calls for a SKr 620m write-off of assets and SKr 650m in new capital. Around SKr 100m is needed to cover further anticipated losses but NCB hopes to raise SKr 70m of this itself by selling forest land. The com-

The plan provides for the closure of two pulp mills and a number of other measures which would reduce the workforce by just over 1,000. On the other hand some 460 new jobs would be created by a new fine-paper plant, which NCB would build together with MoDo.

NCB has to find SKr 50m in share and loan capital of SKr 200m for this project, while MoDo will contribute the site, harbour installations, its marketing organisation and SKr 100m in loan capital.

Mr. Nils Aasling, Sweden's Industry Minister, stated yesterday that the Government was ready to discuss the injection of further capital, provided it was linked with investments that could have a favourable effect on the country's external payments but he expected the other owners to contribute their share.

Fall in Dutch petrol sales

BY SUE CAMERON

THE Royal Dutch/Shell group expects 1980 petrol sales in the Netherlands to be as much as 5 per cent down on last year. The group has closed down one of the four distillation units at its refinery in Pernis and is considering postponing its restart until the end of the year.

The main reasons for the fall in petrol sales are thought to be:

● The increased use of smaller cars which use less petrol;

● The higher cost of petrol which is encouraging motorists to drive less;

● The growth in the number of cars running on diesel or liquid petroleum gas—LPG.

If Shell Nederland does decide to keep the Pernis distillation unit out of commission for the rest of the year, the group may buy its extra petrol requirements on the European spot market.

VOLKSWAGEN DO BRASIL

Warmer welcome for petrodollars

BY JONATHAN CARR IN BONN AND DIANA SMITH IN BRASILIA

A FEW years ago the news that Kuwait had bought a 10 per cent stake in Volkswagen do Brasil would have set alarm bells ringing in Germany. The Brazilian operation is 80 per cent owned by the West German vehicle manufacturer and its second biggest overseas subsidiary after Volkswagen of America. The question would at once have been posed: were the oil-producing states, with their massive surplus funds, seeking to gain control over key aspects of West German industrial operations?

The question was asked loudly in December 1974 after Kuwait bought a 14 per cent stake in Daimler-Benz from the Quandt family. A few weeks later Deutsche Bank announced that it had bought the 29 per cent of Daimler shares held by the Flick family in a DM 2bn ($1.14bn) deal aimed at keeping Daimler in German hands.

Yesterday a Volkswagen official at company headquarters in Wolfsburg described Kuwait's Brazilian engagement as "exceptionally welcome." The company had been informed well in advance of the decision of the Brazilian group Monteiro Aranha to sell one half of its 20 per cent holding in Volkswagen do Brasil to Kuwait. The Volkswagen parent company has had good co-operation with Monteiro Aranha for over two decades. But VW had no doubt that relations with Kuwait as a third shareholder would also be trouble-free.

The offered price for the 10 per cent stake of $115m was regarded as "irresistible" by the Board of Monteiro Aranha,

Frankfurt bourse: according to the Bundesbank, foreign portfolio investment in German shares, excluding the banks, totals DM 15.5bn.

a private sector holding company. The price valued Volkswagen do Brasil at $1.15bn or 3½ times its net asset value. This compares with the current market capitalisation of the parent group in Germany of $2.5bn.

Volkswagen do Brasil accounted for approximately one-fifth of VW's group vehicle sales last year and slightly over one-tenth of VW's cash turnover. These figures put the Kuwait offer into perspective.

According to Sr. Delfim Netto, the Brazilian Planning Minister, the deal with the Government of Kuwait is important for Brazil in three respects: as a direct investment by an oil-producing nation it brings in much-desired petrodollars, it marks something of a geographical shift in Arab investment away from London and New York, and it suggests new export prospects in Arab markets.

Since petrodollars are particularly valuable currency to a country that imports $11bn of crude oil a year, there have been no protests at the decrease of Brazilian shares in VW do Brasil despite the nationalist mood of the moment.

Volkswagen shares represented 60 per cent of Monteiro Aranha's assets, and the Brazilian concern seems happy to be able to diversify with the cash from the new deal. The group already holds shares in 22 companies in a wide range of sectors. It has indicated that it may apply the $115m to investment in agriculture.

Volkswagen remains highly confident about the future of the Brazilian operation and notes that $600m in investment is planned there over the next five years.

But in contrast to the situation six years ago, investment by oil producers in West German concerns is now strongly desired. Bonn Economics Ministry figures show that at the end of last year only Iran and Kuwait have engaged in really substantial direct investment in West Germany, the former to the tune of DM 1.4bn and the latter DM 208m. By comparison, direct investment by the U.S. in West Germany at the end of last year totalled DM 20.1bn and that of Switzerland DM 86bn.

It is a long way from a "sell out of German industry to the Arabs." Even when figures for foreign financial assets with German enterprises — including direct investment — are taken into account, the picture is hardly one to cause German concern. Bundesbank statistics show that in mid-1979 foreign portfolio investment in German shares (excluding bank shares) totalled DM 15.5bn. This is admittedly a marked rise from the DM 8bn registered in 1975 but still far from the kind of horrific visions of excessive foreign influence current after the first oil crisis.

Several major deals between German enterprises and Arab interests have caught the headlines and have tended to distort a picture more notable for what has not happened than for what has. The most dramatic moves were probably the purchase by the National Iranian Steel Company of a 25.04 per cent interest in Krupps steelmaking arm in 1974 and the Iranian state's interest of 25.01 per cent in the Krupp parent concern in 1976.

Despite the turmoil in Iran and the action by the U.S. to try to freeze Iranian assets abroad, co-operation between Krupp and Iran is said to remain good. Iran has also held more than 25 per cent of the Deutsche Babcock Engineering concern since 1975.

Kuwait is felt to have shown a particularly adept investment policy with its stakes in Daimler and Volkswagen which appear better placed than most of their competitors to ride out the recession.

Kuwait also took stakes in the West German and U.S. interests of the steel group headed by Herr Willy Korf, one of the most dynamic of German entrepreneurs, which were revealed in 1978 years after they occurred. And last month it was announced that Kuwait had taken a 10 per cent interest in Metallgesellschaft, the Frankfurt-based metals and plant engineering company for a sum believed to be more than DM 110m.

FINANCIAL MARKET TRENDS

OECD sees upturn in borrowing

BY PETER MONTAGNON

A RESURGENCE of borrowing activity on international capital markets in the second half of this year is predicted by the Organisation for Economic Co-operation and Development (OECD) in its latest Financial Market Trends. Borrowing is expected to pick up to an annual rate of $110bn for the remainder of 1980. after running at $93bn in the first five months.

This will still leave total funds raised on international markets for the year as a whole at about $100bn compared with $116bn in 1979.

The OECD says the revival in borrowing activity will be felt in both the international bond market and the medium-term syndicated credit market. although it is in the latter where its impact will be the stronger. It will reflect not so much a further deterioration in balance of payments deficits of borrower countries but rather the new lower levels of interest

Borrowers shied away from the markets when short-term dollar rates rose to around 20 per cent in the spring. Signs of their return have already become apparent as these rates have halved.

At the same time. banks are highly liquid because they have been taking in large deposits from oil-producing countries. This may make them more willing to lend in the second half of the year. although the OECD adds that they will continue to be selective about credit risks.

Evidence of this selectivity is already present in the OECD average spread figures for the first five months. In the first quarter, OECD countries, excluding Turkey, paid an average margin over inter-bank rates of 0.56 per cent on borrowings. but in April and May this fell to 0.54 per cent. By contrast, Comecon countries paid a margin of 0.75 per cent in April and May compared with 0.58 per cent in the first quarter. while margins were unchanged at 0.78 per cent for other non-OECD countries.

This differentiation is likely to continue, it says. adding that some developing countries will have to accept stiffer terms on credits as well as, in some cases. a scaling down of their requirements. These countries will also continue to draw on as yet unused credit lines and on their foreign exchange reserves.

The OECD singles out two further features of the credit markets in the first half of this year. First, it says that some borrowers, who do not necessarily enjoy a high credit rating among Eurobanks, have had increasing resource to unpublicised credit transactions mainly involving a single bank. This obviates the need for them to accept publicly a spread high enough to ensure a successful placement of their borrowings in general syndication.

Second. it notes that the borrowers which faced the most significant deterioration in the terms under which they can borrow from international banks were the Comecon countries. The Afghanistan crisis has made major U.S. banks particularly reluctant to increase their exposure to this group.

These financing problems may affect economic growth in some Comecon countries, the OECD says. These countries already have a high debt service burden and face difficulties in cutting their payments deficits with OECD countries.

Turning to the bond markets, the OECD says that the liquidity of international banks coupled with low activity in the credit markets had prompted many institutions to replenish their bond portfolios as fixed rate markets had recovered since the spring.

Indeed, certain issuing procedures for dollar bonds appear to have been aimed expressly at encouraging a build up of bank portfolios as some new issues were wholly underwritten by the management group and subsequently only partly released to the market.

The attraction to banks of holding dollar bonds was further enhanced by the disappearance of the inverse yield gap, but banks had a clear preference for prime paper, which may explain the sometimes poor performance in the after-market of paper issued by borrowers of somewhat lower quality.

Total issues of international and foreign bonds amounted to $6.34bn in April and May compared with $7.29bn in the first quarter of this year. Of these $3.1bn and $1.7bn respectively were in dollars as that currency's share of the market jumped to 50.8 per cent from 30.5 per cent.

By contrast, Deutsche Mark-denominated bonds accounted for only 19.9 per cent of the market in April and May compared with 35.2 per cent in the first quarter. This was despite an increase in the actual volume of issues which rebounded to the equivalent of an annual rate of $7.5bn in April/May compared with only $5.1bn in the first quarter (excluding a further issue of "Carter bonds" by the U.S. government).

In Switzerland. new issue volume declined as well as the franc's share of the overall market. At annual rates public and private issues slipped to the equivalent of SwFr 6.1bn in April/May from SwFr 6.8bn in the first quarter. These accounted for 16.2 per cent and 23.2 per cent of the market respectively.

OECD countries accounted for 72.5 per cent of all external bond offerings in April and May compared wtih 86.3 per cent in the first quarter. This decline was broadly offset by an increase to 10 per cent from 4.9 per cent in the share in borrowings of international development institutions.

In the medium-term credit market, OECD countries strengthened their position as borrowers during April and May taking 53 per cent of funds lent compared with 45 per cent in the first quarter. The OECD says its member countries should account for an even larger share of funds borrowed in both the bond and credit markets during the second half of the year.

MEDIUM-TERM EURO-CREDIT MARKET

	1979 3rd qtr	1979 4th qtr	1980 1st qtr	1980 April/May
New publicised Eurocredits ($bn at annual rates)	107.7	82.0	61.8	57.9
Average size of indivdual credits ($m)	119	90	88	97
Average maturity (years/mths)	7/9	9/3	8/11	7/6
Average spread	0.73	0.64	0.67	0.64
OECD borrowings ($bn annual rates)	39.0	34.5	28.0	30.9
Comecon borrowings ($bn annual rates)	4.6	3.2	1.2	2.7
Non-oil LDC borrowings ($bn annual rates)	46.0	33.2	27.0	17.5

Marginal fall in Mitsukoshi profits

TOKYO — Mitsukoshi, the largest Japanese department store operator, suffered a fall in its consolidated net profit for the year to February of 0.4 per cent to Y9.99bn ($45.9m), from the Y10.03bn of the previous year. Sales, however, rose by 5.7 per cent to Y514.06bn ($2.36bn) from Y486.21bn.

Mitsukoshi said the net profit decline resulted mainly from the fact that the parent company obtained shares worth about Y150m from a local department store. Net income per share was Y23.12, down from Y24.50 a year earlier.

Among major products, sales of clothing amounted to some Y209bn, up from about Y199bn and beverage and foodstuffs sales rose to Y110bn, from Y107bn.

* * *

ISSHIN SPINNING Company, a major Japanese textile concern lifted parent company net profit by 11.9 per cent to Y6.12bn in the yea rto April from Y5.47bn in the previous year. Sales advanced by 17.8 per cent to Y149.49bn yen from Y126.92bn.

Nisshin attributed the performance mainly to the recovery of the domestic textile market. Despite an upsurge in production costs, sales of textile products were brisk, with an increase of 74.1 per cent in the year to Y110.79bn. Non-textile sales gained 25.9 per cent to Y38.7bn.

AP-DJ

BASE LENDING RATES

A.B.N. Bank	17 %	■ Guinness Mahon	17 %
Allied Irish Bank	17 %	■ Hambros Bank	17 %
American Express Bk.	17 %	■ Hill Samuel	§17 %
Amro Bank	17 %	C. Hoare & Co.	†17 %
Henry Ansbacher	17 %	Hongkong & Shanghai	17 %
A P Bank Ltd.	17 %	Industrial Bk. of Scot.	17½%
■ Arbuthnot Latham	17 %	Keyser Ullmann	17 %
Associates Cap. Corp.	17 %	Knowsley & Co. Ltd.	19 %
Banco de Bilbao	17 %	Langris Trust Ltd.	17 %
Bank of Credit & Cmce.	17 %	Lloyds Bank	17 %
Bank of Cyprus	17 %	Edward Manson & Co.	18 %
Bank of N.S.W.	17 %	Midland Bank	17 %
Banque Belge Ltd.	17 %	■ Samuel Montagu	17 %
Banque du Rhone et de la Tamise S.A.	17½%	■ Morgan Grenfell	17 %
Barclays Bank	17 %	National Westminster	17 %
Bremar Holdings Ltd.	18 %	Norwich General Trust	17 %
Brit. Bank of Mid. East	17 %	P. S. Refson & Co.	17 %
■ Brown Shipley	17 %	Rossminster	17 %
Canada Perm't Trust	18 %	Ryl. Bk. Canada (Ldn.)	17 %
Cayzer Ltd.	17 %	Schlesinger Limited	17 %
Cedar Holdings	17 %	E. S. Schwab	17 %
■ Charterhouse Japhet	17 %	Security Trust Co. Ltd.	18 %
Choulartons	17 %	Standard Chartered	17 %
C. E. Coates	17 %	Trade Dev. Bank	17 %
Consolidated Credits	17 %	Trustee Savings Bank	17 %
Co-operative Bank	*17 %	Twentieth Century Bk.	17 %
Corinthian Secs.	17 %	United Bank of Kuwait	17 %
The Cyprus Popular Bk.	17 %	Whiteaway Laidlaw	17½%
Duncan Lawrie	17 %	Williams & Glyn's	17 %
Eagil Trust	17 %	Wintrust Secs. Ltd.	17 %
E. T. Trust Limited	17 %	Yorkshire Bank	17 %
First Nat. Fin. Corp.	19½%		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	17 %		
Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

Cullinan plans debenture

BY JIM JONES IN JOHANNESBURG

CULLINAN HOLDINGS, the South African manufacturer of refractories. electrical porcelain and mining and building materials. is to raise just over R6m ($7.7m) through an issue of compulsorily convertible debentures.

Terms of the rights offer to ordinary shareholders have still to be finalised, but management is thinking in terms of a five-year life for the debentures. followed by conversion into about 1.58m ordinary shares.

Before the offer, shareholders are being asked to authorise an increase in the company's ordinary share capital by 2m shares. If this is agreed, about 1.6m shares, apart from those shares which will be needed for conversion of the debentures, will be authorised but not issued. In Johannesburg. the 9m Cullinan shares currently issued are quoted at 410 cents.

Advance at Perlis Plantations

BY WONG SULONG IN KUALA LUMPUR

PERLIS PLANTATIONS, the sugar-based, but diversified group. has reported a 27 per cent rise in pre-tax profits, to 23m ringgit (U.S.$10.8m) for the half-year ended March. Turnover was 162m ringgit (U.S.$76bn). compared with 114m ringgit.

Cane sugar production was marginally higher, and, with improved factory performance, better earnings were obtained.

Perlis Plantations is paying an interim dividend of 10 per cent, compared with 7.5 per cent previously.

Companies and Markets

CURRENCIES, MONEY and GOLD

Pound recovers

Sterling improved from a weak start in the foreign exchange market yesterday. It opened at $2.3310-2.3320, and fell to $2.3265-2.3275 ahead of the announcement on Bank of England Minimum Lending Rate. A general weakening of the dollar, coupled with no change in MLR, helped the pound recover to a best level of $2.3490-$2.3500. Sterling closed at $2.3440-2.3450, a rise of 85 points on the day. Its trade-weighted index, as calculated by the Bank of England, rose to 73.9 from 73.7, after opening at 73.6 and rising to 73.7 at noon.

The dollar's index, on Bank of England figures, fell to 83.4 from 83.6.

The U.S. currency fell to DM 1.7640 from DM 1.7680 against the D-mark, to SwFr 1.6280 from SwFr 1.6380 in terms of the Swiss franc, and to Y217.30 from Y217.80 against the Japanese yen. The dollar finished near the bottom of the day's range against most currencies.

D-MARK — Slightly weaker within the European Monetary System recently, but showing a firmer tendency against the dollar following a sharp narrowing of Euro-currency interest rate differentials. The D-mark was firmer against most EMS currencies at the Frankfurt fixing, but lost ground to the dollar, sterling, Japanese yen and Swiss franc. The dollar was very slightly firmer at DM 1.7653, against DM 1.7692, and the Bundesbank did not intervene. Sterling rose to DM 4.1310 from DM 4.1280, and the Swiss franc to DM 1.0830 from DM 1.0806. Within the EMS, the French franc eased to DM 43.075 per 100 francs from DM 43.10, the Dutch guilder to DM 91.24 per 100 guilders from DM 91.255, the Danish krone to DM 32.235 per 100 krone from DM 32.27, and the Italian lira to DM 2.109 per 1,000 lira from DM 2.113. On the other hand the Irish punt rose to DM 3.7470 from DM 3.7430, and the Belgian franc to DM 6.251 per 100 francs from DM 6.247.

BELGIAN FRANC — Remaining steady within the EMS despite recent easing of Brussels interest rates, including a cut in the central bank discount rate this week—The Belgian franc showed mixed changes at the Brussels fixing, but improved against the French franc and D-mark. The franc fell to BFr 6.89 from BFr 6.89425, and the D-mark to BFr 16.00325 from BFr 16.0035. The Danish krone eased to BFr 5.159 from BFr 5.1655, and the Italian lira to BFr 3.37475 per 100 lira from BFr 3.3810.

DUTCH GUILDER — Very firm near the top of EMS, despite recent cut in the Dutch central bank discount rate—The dollar rose to Fl 1.9390 from Fl 1.9380 at the Amsterdam fixing, and sterling to Fl 4.5330 from Fl 4.5240. Within the EMS, the D-mark eased to Fl 1.0960 from Fl 1.0962, and the French franc to Fl 47.22 per 100 francs from Fl 47.225.

JAPANESE YEN — Energy and balance of payments problems reflected in sharp decline last year. More recently lower U.S. interest rates have helped the yen recover — The yen lost ground against the dollar in nervous, heavy Tokyo trading. The U.S. currency rose to Y218.15 from Y216.90, helped by fears of a possible cut in the Bank of Japan discount rate in the near future, possible restraints on Japanese car exports to the U.S., and higher oil prices.

THE POUND SPOT AND FORWARD

June 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3265-2.3500	2.3440-2.3450	1.75-1.65c pm	8.70	4.27-4.17 pm	7.20
Canada	2.6900-2.7050	2.7027-2.7047	1.12-1.02c pm	4.75	3.60-3.50 pm	5.25
Nethlnd.	4.51-4.54½	4.53½-4.54½	3-2c pm	5.61	7¼-6¼ pm	5.95
Belgium	65.80-66.30	66.20-66.30	25-15c pm	3.62	53-43 pm	2.90
Denmark	12.80-12.85	12.83¾-12.84¾	1½ore pm-par	3.17	1¼-3 dis	-0.66
Ireland	1.1000-1.1080	1.1060-1.1070	0.03p pm-par	0.16	0.20-0.15 pm	0.63
W. Ger.	4.11-4.15	4.13-4.14	3¼-2¼pf pm	8.34	8-7 pm	7.25
Portugal	114.00-115.00	114.80-115.00	par-25c dis	-1.30	45pm-80dis	-0.67
Spain	163.60-164.65	164.45-164.65	10c pm-40 dis	-1.09	40-95 dis	-1.64
Italy	1,950-1,967	1,965-1,967	10½-12½lire dis	-7.02	26¼-28¼ dis	-5.54
Norway	11.33-11.38	11.37-11.38	8½-6½ore pm	7.71	19¼-17¼ pm	6.50
France	9.56-9.63	9.61½-9.62½	4¼-3¼c pm	5.30	10⅞-9⅞ pm	4.31
Sweden	9.71-9.76	9.75-9.76	3¾-3ore pm	4.15	6½-5½ pm	2.46
Japan	507-511	509-510	1.30-0.80y pm	2.47	5.20-4.70 pm	3.89
Austria	29.25-29.50	29.37-29.42	17-15gro pm	6.53	48-41 pm	6.05
Switz.	3.80-3.84	3.81½-3.82½	4¼-3¼c pm	11.79	10¾-9¾ pm	10.74

Belgian rate is for convertible francs. Financial franc 66.70-66.80. Six-month forward dollar 6.33-6.28c pm. 12-month 9.55-9.45c pm.

THE DOLLAR SPOT AND FORWARD

June 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3265-2.3600	2.3440-2.3450	1.75-1.65c pm	8.70	4.27-4.17 pm	7.20
Ireland†	2.1125-2.1215	2.1170-2.1200	1.65-1.55c pm	9.06	4.30-4.20 pm	8.02
Canada	1.1516-1.1536	1.1522-1.1525	0.40-0.45c dis	-4.42	0.64-0.69dis	-2.31
Nethlnd.	1.9345-1.9385	1.9345-1.9360	0.18-0.28c dis	-1.43	0.40-0.50dis	-0.93
Belgium	28.23½-28.31	28.25-28.27	11-13c dis	-5.09	28-31 dis	-4.17
Denmark	5.4700-5.4945	5.4715-5.4730	3¼-4¼ore dis	-8.77	10½-11 dis	-7.86
W. Ger.	1.7630-1.7730	1.7635-1.7645	0.02-0.12pf dis	-0.48	0.07pm-.03dis	0.04
Portugal	48.98-49.10	48.98-49.08	33-43c dis	-9.30	70-120 dis	-7.75
Spain	70.18-70.26	70.18-70.22	40-55c dis	-8.12	140-160 dis	-8.55
Italy	837.50-838.50	837.95-838.25	11-12½lire dis	-16.82	29-32 dis	-14.56
Norway	4.8545-4.8630	4.8545-4.8560	par-0.50ore dis	-0.62	0.50-1.00dis	-0.62
France	4.0985-4.1090	4.1015-4.1030	1.10-1.20c dis	-3.38	2.90-3.10dis	-2.92
Sweden	4.1590-4.1740	4.1600-4.1610	1.90-2.05ore dis	-5.70	5.15-5.30dis	-5.02
Japan	217.15-218.75	217.25-217.35	1.00-1.15y dis	-5.94	1.70-1.85dis	-3.27
Austria	12.52½-12.57½	12.53½-12.54½	1.70-2.30gro dis	-1.91	2.50-4.25dis	-1.08
Switz.	1.6220-1.6420	1.6275-1.6285	0.50-0.42c pm	3.39	1.50-1.42 pm	3.59

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

June 26	Bank of England Index	Morgan Guaranty Changes %
Sterling	73.9	-32.1
U.S. dollar	83.4	-10.2
Canadian dollar	81.5	-16.3
Austrian schilling	156.4	+24.1
Belgian franc	115.9	+14.4
Danish kroner	107.5	-3.9
Deutsche mark	155.6	+44.5
Swiss franc	198.3	+79.9
Guilder	125.6	+19.7
French franc	101.7	-5.7
Lira	53.1	-51.3
Yen	130.6	+28.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

June 25	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.566029	0.609625
U.S. $	11	1.32066	1.43226
Canadian $	10.67	1.52232	1.64844
Austria Sch.	6¾	16.6073	17.8778
Belgian F	13	37.3780	40.2570
Danish K	13	7.24052	7.79895
D'Mark	7½	2.33651	2.51626
Guilder	9½	2.55944	2.75719
French Fr.	9½	5.42131	5.83766
Lira	15	1105.72	1190.79
Yen	9	285.319	309.697
Norwgn. Kr.	9	6.41841	6.91075
Spanish Pts.	8	92.7288	100.8710
Swedish Kr.	10	5.50715	5.93082
Swiss Fr.	3	2.15398	2.32866

OTHER CURRENCIES

June 26	£	$		£ Note Rates
Argentina Peso	4330-4350	1847-1854	Austria	29.15-29.45
Australia Dollar	2.0240-2.0280	0.8645-0.8650	Belgium	66.15-66.65
Brazil Cruzeiro	121.95-122.95	52.115-52.315	Denmark	12.73-12.83
Finland Markka	8.553-8.563	3.6465-3.6480	France	9.53-9.61
Greek Drachma	99.713-102.032	42.70-42.90	Germany	4.10½-4.14½
Hong Kong Dollar	11.55-11.57	4.9290-4.9310	Italy	1918-1968
Iran Rial	n/a	n a	Japan	507-512
Kuwait Dinar (KD)	0.620-0.626	0.2657-0.2668	Netherlands	4.50-4.54
Luxembourg Frc.	66.20-66.30	28.25-28.27	Norway	11.29-11.38
Malaysia Dollar	5.0200-5.0300	2.1435-2.1455	Portugal	110¾-116
New Zealand Dlr.	2.5705-2.3755	1.0125-1.0135	Spain	158½-165½
Saudi Arab. Riyal	7.72-7.76	3.3290-3.3310	Sweden	9.71-9.79
Singapore Dollar	4.9550-4.9650	2.1135-2.1155	Switzerland	3.80-3.83
Sth. African Rand	1.8100-1.8110	0.7720-0.7725	United States	2.3325-2.3415
U.A.E. Dirham	8.59-8.65	3.7010-3.7030	Yugoslavia	62-66

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 26	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.2664	+1.20	+0.42	±1.53
Danish Krone	7.72336	7.80622	+1.07	+0.29	±1.64
German D-Mark	2.48208	2.51545	+1.34	+0.56	±1.125
French Franc	5.84700	5.84043	-0.11	-0.89	±1.3557
Dutch Guilder	2.74362	2.75724	+0.50	-0.28	±1.512
Irish Punt	0.668201	0.671844	+0.55	-0.23	±1.668
Italian Lira	1157.79	1192.58	+3.00	+2.73	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 26	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.345	4.135	509.5	9.620	3.818	4.539	1966.	2.704	66.25
U.S. Dollar	0.427	1.	1.764	217.3	4.103	1.628	1.936	838.6	1.153	28.26
Deutschemark	0.242	0.567	1.	123.2	2.326	0.923	1.098	475.5	0.654	16.02
Japanese Yen 1,000	1.963	4.602	8.116	1000.	18.88	7.493	8.908	3859.	5.307	130.0
French Franc 10	1.040	2.437	4.298	529.6	10.	3.968	4.718	2044.	2.810	68.87
Swiss Franc	0.262	0.614	1.083	133.5	2.520	1.	1.189	515.0	0.708	17.55
Dutch Guilder	0.220	0.517	0.911	112.3	2.120	0.841	1.	433.2	0.596	14.60
Italian Lira, 1,000	0.509	1.193	2.103	259.2	4.893	1.942	2.309	1000.	1.375	33.70
Canadian Dollar	0.370	0.867	1.529	188.4	3.558	1.412	1.679	727.2	1.	24.50
Belgian Franc 100	1.509	3.539	6.242	769.1	14.52	5.762	6.851	2968.	4.081	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 26)

3 month U.S. dollars		6 month U.S. dollars	
bid 9⅜	offer 9⅝	bid 9 11/16	offer 9 13/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

June 26	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17¾-18	8¾-9	12⅛-14⅛	10½-10¾	½-¾	9½-10	12½-12¾	17-21	3 3/16-3 7/16	44-54
7 days' notice	17⅝-17⅞	9-9¼	12½-14½	10½-10¾	6½-7	9 5/16-9 9/16	12½-12¾	32-37	9⅛-9⅜	18¾-19¼
Month	17⅝-17⅞	9-9¼	12¼-12⅝	10⅜-10¾	5 5/16-5 9/16	9 5/16-9 9/16	12⅜-12⅝	25½-27	9 1/16-9 5/16	14⅝-14⅞
Three months	16⅞-17⅛	9⅜-9⅝	11¼-11⅝	10⅜-10⅝	5 5/16-5 9/16	9 1/16-9 5/16	12⅜-12⅝	23-24	9⅜-9⅝	12⅝-12⅞
Six months	15½-15¾	9⅝-9⅞	10⅜-11	10⅜-10⅝	5⅝-5⅞	8 13/16-9 1/16	12⅜-12⅝	21-22	9½-9¾	11¼-11½
One Year	14-14¼	9¼-9⅝	10¼-10⅝	10-10¼	5⅛-5¼	8⅛-8¼	12½-12¾	19½-20½	9 7/16-9 11/16	9⅝-9⅞

Long-term Eurodollar two years 10⅝-10¾ per cent; three years 10⅝-10⅞ per cent; four years 10¾-11 per cent; five years 10⅞-11⅛ per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 8.85-8.95 per cent; three-months 8.25-8.95 per cent; six-months 8.80-8.90 per cent; one year 8.85-8.95 per cent.

INTERNATIONAL MONEY MARKET

German rates firm

Short-term money rates continued to rise in Frankfurt yesterday, as money shortages increased ahead of the month end. Funds have been drained by payment of employee's Government pension contributions, taking out as much as DM 9bn, and end of month tax payments. Some banks have resorted to borrowing secured money through the Lombard facility at 9½ per cent, although clearly the authorities will want to see this kept as low as possible. Longer term rates have shown a slightly easier tendency recently, reflecting market sentiment that the Bundesbank is likely to reduce interest rates later this year.

For the time being, however, key lending rates have been left unchanged as announced after yesterday's fortnightly meeting of the Bundesbank central council. Call money yesterday was quoted at 10.10-10.30 per cent, up from 10.00-10.25 per cent on Wednesday.

In Amsterdam money rates were little affected by Wednesday's cut in Belgian rates. Call money was quoted at 10¼-10⅝ per cent against 10¼-10½ per cent on Wednesday. Period rates were mixed. Dealers speculated that the Dutch authorities may cut the official discount rate later on in the year, but conditions at the moment remain stable. However, the Treasury remains short of funds despite Fl 317m received from Tuesday's Treasury bill tender, and has been obliged to use overdrafts and special credit facilities at the central bank.

UK MONEY MARKET

Very large assistance

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day-to-day credit remained in short supply in the London money market yesterday, and the authorities gave assistance on a very large scale. This comprised small purchases of Treasury bills and local authority bills, both from discount houses and banks, and large purchases of eligible bank bills, the latter for resale at a fixed future date. The help was completed by small loans to two or three houses at MLR for repayment today. The market was faced with a small net take up of Treasury bills and the repayment of Wednesday's small market advances. Funds were also drained by the unwinding of a previous sale and repurchase agreement on a large number of eligible bank bills.

On the other hand banks brought forward balances a small way above target and there was a small surplus of Government disbursements over revenue transfers to the Exchequer. There was also a small decrease in the note circulation.

GOLD

Slight fall

Gold fell $2 in fairly quiet trading in the London bullion market yesterday, to close at $622-625. It opened at $618-621, the lowest level of the day, and was fixed at $623.25 in the morning and $624.50 in the afternoon. The highest level touched was $624-626.

In Paris the 12½ kilo gold bar was fixed at FFr 82,000 per kilo ($621.15 per ounce) in the afternoon, compared with FFr 82,500 ($624.71) in the morning, and FFr 81,600 ($618.27) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 35,550 per kilo ($624.97 per ounce), compared with DM 35,190 ($618.75) previously, and closed at $623-626, compared with $621-624 on Wednesday.

In Zurich gold finished at $623-626, compared with $624-627 previously.

	June 26		June 25	
Gold Bullion (fine ounce)				
Close	$622-625	(£265¼-266¾)	$624-627	(£267-268½)
Opening	$618-621	(£665¼-266¾)	$613-616	(£262½-264)
Morning fixing	$623.25	(£267.237)	$617.50	(£264.737)
Afternoon fixing	$624.50	(£265.971)	$622.50	(£266.595)
Gold Coins				
Krugerrand	$641¾-644¾	(£274-276)	$624-627	(£276-268½)
Mapleleaf	$640-643	(£265¼-267¼)	$613-616	(£262½-264)
New Sovereigns	$155-154	(£66½-66½)	$157-158	(£67¼-68¼)
King Sovs	$157¾-158¾	(£67¼-68¼)	$179-181	(£76½-77½)
Victoria Sovs	$178-180	(£76-77)	$179-181	(£76½-77½)
French 20s	$158-161		$157-160	
50 pesos Mexico	$766-771		$764-769	
100 Cor. Austria	$609-614		$608½-613½	
$20 Eagles	$714-717		$710-714	
$10 Eagles	—		—	
$5 Eagles	—		—	

MONEY RATES

NEW YORK

Prime Rate	11½-12
Fed. Funds	8⅞-9⅛
Treasury Bills (13-week)	7.33
Treasury Bills (26-week)	7.41

GERMANY

Discount Rate	7.5
Overnight Rate	10.20
One month	9.975
Three months	9.875
Six months	9.225

FRANCE

Discount Rate	9.5
Overnight Rate	12.375
One month	12.3125
Three months	12.3125
Six months	12.0

JAPAN

Discount Rate	9.0
Call (Unconditional)	12.625
Bills Discount (three-month)	—

LONDON MONEY RATES

June 26 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Over night	—	16⅛-18⅛	—	—	—	—	16½-17	—	—	—
2 days notice	—	—	17⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17¾-18	17¾-17⅞	—	18¼	17¼-17½	16⅞-17	—	—	—
One month	17¾-17⅝	17½-17⅝	17½-17¾	18½-18¾	17½	18	16¾	15 15/32	17¼	18
Two months	17 7/16-17 5/16	17 7/16-17 5/16	—	18¼-18⅜	17½	—	16⅜	15 13/32	16 7/32-16 5/32	17½
Three months	17-16 15/16	16 15/16-17 1/16	16¾-17	17¼-17⅜	17¼	17⅞-18	16⅛	15 13/32	16 9/16	16¾
Six months	15⅝-15 7/16	15 9/16-15 7/16	15¼-15¾	15⅝-15¾	15⅞	17⅛-17½	—	—	14⅝	15⅜
Nine months	14⅞-14⅝	14⅝-14¾	—	15⅛-15⅝	14⅞	16¼	—	—	—	—
One Year	14 1/16-13 15/16	14 1/16-14 1/16	13⅞-14⅛	14⅝-14¾	14½	15¾	—	—	—	—
Two years	—	—	13⅞-14⅛	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13¾-13⅞ per cent; four years 13¾-13⅞ per cent; five years 13¾-13 11/16 per cent. фBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15 15/16-15⅞ per cent; four-month trade bills 16¾ per cent.

Approximate selling rate for one-month Treasury bills 15 13/32 per cent; two-months 15 23/32 per cent; three-months 15 11/32 per cent. Approximate selling rates for one-month bank bills 17⅛ per cent; two-months 16 25/32 per cent; three-months 16⅝ per cent; one-month trade bills 17¾ per cent; two-months 17⅛ per cent and three-months 16¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17½ per cent from June 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 15.7338 per cent.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economic Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, June 25, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.3294
Algeria	Dinar	3.8326
Andorra	French Franc	4.1042
	Spanish Peseta	70.175
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Argentine Peso	1823.00
Australia	Australian $	0.8642
Austria	Schilling	12.566
Azores	Portug. Escudo	49.02
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	70.175
Bangladesh	Taka	14.7902
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	28.302
	B. Franc (F)	28.895
Belize	Belize $	2.00
Benin	C.F.A. Franc	205.21
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.874
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7816
Brazil	Cruzeiro	51.54
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.132
Bulgaria	Lev	0.879
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
Cameroun Repub'c	C.F.A. Franc	205.21
Canada	Canadian $	1.1529
Canary Islands	Spanish Peseta	70.175
Cape Verde Isle	Cape V. Escudo	36.51
Cayman Islands	Cay. Is. $	0.855
Cent. Af. Rep.	C.F.A. Franc	205.21
Chad	C.F.A. Franc	205.21
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.4907
Colombia	Col. Peso (O)	46.78
Comoros Islands	C.F.A. Franc	205.21
Congo (Brazaville)	C.F.A. Franc	205.21
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.707
Cyprus	Cyprus Pound	0.3529
Czechoslovakia	Koruna (O)	5.50
Dem. Rep. S'oTome & Principe	S. Tome Dobra	34.2663
Denmark	Danish Krone	5.4745
Djibouti Rp. of	Djibouti Franc	171.46
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'cn Peso	1.00
Equador	Sucre	28.10
Egypt	Pound (3)	0.69
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	70.175
Ethiopia	Birr (O)	2.0855
Faroe Islands	Danish Krone	5.4745
Falkland Islands	Falkland Is. £*	2.3329
Fiji Islands	Fiji $	0.8062
Finland	Markka	3.637
France	French Franc	4.1042
French C'ty in Af.	C.F.A. Franc	205.21
French Guiana	Local Franc	4.1042
French Pacific Is.	C.F.P. Franc	73.2993
Gabon	C.F.A. Franc	205.21
Gambia	Dalasi	1.7146
Germany (East)	Ostmark (O)	1.769
Germany (West)	Deutschemark	1.769
Ghana	Cedi	2.75
Gibraltar	Pound*	2.3329
Gilbert Is.	Aust. $	0.8642
Greece	Drachma	42.85

COUNTRY	CURRENCY	VALUE OF DOLLAR
Greenland	Danish Krone	5.4745
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.1042
Guam	U.S. $	1.00
Guatamala	Quetzal	1.00
Guinea Bissau	Peso	33.3197
Guinea Republic	Syli	18.6935
Guyana	Guyanese $	2.5594
Haiti	Gourde	5.00
Honduras Repub.	Lempira	2.00
Hong Kong	H.K. $	4.93
Hungary	Forint (O)	32.6022
Iceland	I. Krona	429.70
India	Ind. Rupee	7.874
Indonesia	Rupiah	625.00
Iran	Rial	74.00
Iraq	Iraq Dinar	0.2953
Irish Republic	Irish Punt*	2.116
Israel	Israeli Pound (4)	48.65
Italy	Lira	837.00
Ivory Coast	C.F.A. Franc	205.21
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	217.37
Jordan	Jordan Dinar	0.2935
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.3152
Korea (Nth)	Won	0.94
Korea (Sth)	Won	583.00
Kuwait	Kuwait Dinar	0.2672
Lao P'pls D. Rep	Kip of Lib.	400.00
Lebanon	Lebanese Pound	3.4187
Lesotho	Loti	0.7734
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.638
Luxembourg	Lux Franc	28.302
Macao	Pataca	5.308
Madagascar D. R.	MG Franc	205.21
Madeira	Portugese Escudo	49.02
Malawi	Kwacha	0.8125
Malaysia	Ringgit	2.153
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	410.42
Malta	Maltese Pound	0.3412
Martinique	Local Franc	4.1042
Mauritania	Ouguiya	41.042
Mauritius	M. Rupee	7.5727
Mexico	Mexican Peso	22.87
Miquelon	French Franc	4.1042
Monaco	French Franc	4.1042
Mongolia	Tugrik (O)	3.3556
Monserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.7022
Mozambique	Moz. Escudo	28.5053
Namibia	Rand	0.7734
Nauru Is.	Aust. $	0.8642
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.9375
Netherland Antilles	Antillian Guild	1.80
New Hebrides	Aust. $	0.8642
	FNH	66.3251
New Zealand	NZ $	1.0104
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	205.21
Nigeria	Naira (O)	0.5803
Norway	Norw'g Krone	4.8485
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00

COUNTRY	CURRENCY	VALUE OF DOLLAR
Papua N.G.	Kina	0.67
Paraguay	Guarani	137.30
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	270.25
Philippines	Ph. Peso	7.5055
Pitcairn Islands	NZ $	1.0104
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	49.02
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.678
Reunion Ile de la	French Frank	4.1042
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Sterling*	2.3329
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	4.1042
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S. $	1.00
San Marino	Italian Lira	837.00
Saudi Arabia	Saudi Riyal	3.3293
Senegal	C. F. A. Franc	205.21
Seychelles	S. Rupee	5.7139
Sierra Leone	Leone	0.8573
Singapore	Singapore $	2.132
Solomon Islands	S.I. $	0.8642
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.7734
Spain	Peseta.	70.175
Spanish Ports in North Africa	Sp. Peseta	70.175
Sri Lanka	S. L. Rupee	15.90
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7734
Sweden	S. Krona	4.159
Switzerland	Swiss Franc	1.638
Syria	Syria Pound.	3.9252
Taiwan	New Taiwan (O).	36.00
Tanzania	Tan Shilling	8.2893
Thailand	Baht.	20.50
Togo Republic	C.F.A. Franc	205.21
Tonga Islands	Pa'anga	0.8642
Trinidad & Tob.	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.4131
Turkey	Lira	74.45
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8642
Uganda	Ug. Shilling	7.3152
United Arab Emir.	UAE Dirham	3.7017
United Kingdom	£ Sterling*	2.3329
Upper Volta	C.F.A. Franc	205.21
Uruguay	Urug. Peso (m)	8.95
U.S.S.R.	Rouble	0.6456
Vatican	Italian Lira	837.00
Venezuela	Bolivar	4.2937
Vietnam N.	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.9036
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	27.30
Zaire Republic	Zaire Zaire	1.9809
Zambia	Kwacha	0.7756
Zimbabwe	Zim $	0.6936

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Israeli Government are changing their currency to Shekels. However dealers are currently quoting in pounds.

WORLD STOCK MARKETS

Early fresh Dow gain of 2.3

WEDNESDAY'S SHARP advance on Wall Street was modestly extended yesterday morning in further active dealings.

The Dow Jones Industrial Average, up 10.24 the previous day at a four-month high, hardened 2.31 more to 889.85 at 1 pm. The NYSE All Common Index added 13 cents at $66.85, while gains led declines by a seven-to-six ratio. Turnover came to 31.68m shares, compared with 32.71m at 1 pm on Wednesday.

Institutional investors continued to generate much of the volume with portfolio adjustments. Trading in Utility issues was heavy, marked by a string of large blocks, although the D-J Utilities index shed a fraction.

Analysts added that institutions, which have watched yields in the credit market drop sharply in the quarter, were shopping for equiteis with high yields to dress up their portfolios.

Utilities dominated the actives list. Northeast Utilities added ⅛ to $9⅞, Northern Indiana Public Service ¼ to $13⅞, Commonwealth Edison ¼ to $22⅞, Consumers Power ½ to $20⅞, Public Service Electric and Gas to $20⅞, Allegheny Power ¼ to $16⅞ and Illinois Power ¼ to $21⅞.

Southern reported sharply higher profits for the first five months but slipped ⅛ to $13⅜.

City Investing eased ¼ to $27⅜. Tamco Enterprises raised its offer for City Investing assets to $32.50 a share from $30, subject to firm financing commitments.

Plessey jumped 3⅞ to $40 on reporting nearly doubled fourth-quarter net profits.

Santa Fe International gained 1⅞ to $41. It is offering $125m of 7¼ per cent debt at par.

THE AMERICAN SE Market Value Index rose 3.18 further to 297.60 at 1 pm. Volume 4.24m shares.

Canada

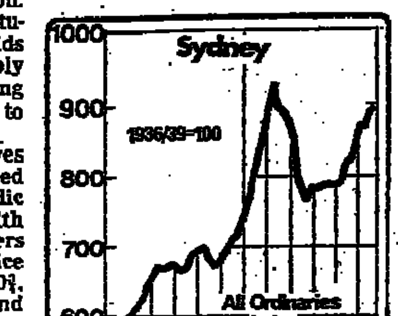
Shares mostly improved afresh in busy early dealings. The Toronto Composite index was 14.3 higher at 2,068.1 at noon, while Oil and Gas rose 77.1 to 4,813.2, Golds 58.7 to 4,093.2 and Banks 3.40 to 381.40.

Closing prices for North America were not available for this edition.

Australia

Oil and Gold Mining issues led markets higher in heavy dealings. The Sydney All Ordinaries index climbed 11.09 to 898.57, while the Metals and Minerals sub-group index advanced 104.90 to 5,684.89.

The Woodada gas flow reported by the Strata group of oil explorers late on Wednesday perked up UK investor interest, while the Gold Miners responded to a sharp overnight rise in the Bullion price in Europe. The Woodada gas flow is conveniently located to the Dongara-Perth pipeline and can be quickly exploited.



Strata Oil forged ahead 60 cents more to A$1.65 and the Options added 40 cents at A$1.30. Haoma and Northwest Mining, which sponsored Strata and are also active gold seekers, were up 40 and 25 cents respectively at A$1.65 and A$2.10.

Conventional Oils were enjoying a good day as investors made a switch from Oil Shale issues. Among the latter, Greenvale lost 60 cents to A$2.60 and Esperance 35 cents to A$3.40.

Utah rose 30 cents to A$5.30 in Coals on news that the Queensland Government is to expand the Hay Point coal loading port rather than develop a new facility further north.

The stronger energy sector also helped energy-related stocks in the Industrials group, such as AGL, up 30 cents at A$3.60, BHP, which rose 30 cents to A$15.10, and CSR, 48 cents stronger at A$7.60.

Best of the Golds was Central Norseman with a rise of A$1.40 to A$10.70. The Northern Territory miner, Australian Development, put on 20 cents to A$1.56, partly on takeover rumours. Valiant gained 20 cents to A$1.60 after reporting promising gold shows at its Holleton prospect in Western Australia.

Base Metal Minings improved on firmer London commodity prices, while MIM, up 9 cents at A$4.55, was also helped by newly disclosed coal prospects.

Tokyo

Some segments of the market picked up well yesterday following the recent downtrend. There was a moderate business of 290m shares, against Wednesday's 400m, but the Nikkei-Dow Jones Average regained 39.28 to 6,800.53 and the Tokyo SE index 0.77 to 470.15.

Oils, particularly depressed of late, and Coals, moved up sharply, with Nippon Oil rising Y50 to Y1,680, Teikoku Oil Y70 to Y1,150, Mitsui Mining Y40 to Y765 and Sumitomo Coal Y15 to Y308.

Trading Houses were also in good form, C. Itoh adding Y15 at Y435 and Mitsui Y12 at Y385.

Constructions, Pharmaceuticals and some Vehicles also firmed. Fujisawa Pharmaceutical rose Y16 to Y900.

Hong Kong

Stock prices showed renewed strength yesterday in another heavy trade in the aftermath of the battle for Hong Kong and Kowloon Wharf shares, with companies connected with the takeover bid seeing most business. The Hang Seng index advanced 19.18 to 1,026.69, a new seven-year peak. Turnover on the four exchanges was a substantial HK$351.37m although below Wednesday's total of HK$421.04m.

HK Wharf, after losing HK$4.00 on Wednesday on returning from a three-day suspension of dealings after Sir Y. K. Pao increased his stake to 49 per cent, recovered HK$1.50 to HK$74.50. Hong Kong Land, the initial bidders for a 49 per cent interest in Wharf, moved ahead 40 cents more to HK$12.50, still bolstered by news that it had sold about 40 per cent of its holding in Wharf to Sir Y. K. for HK$1.06bn.

Sir Y. K.'s World International gained 20 cents to HK$3.90.

Dealers commented that there was now speculation over what HK Land would do with the proceeds from the sale of Wharf shares and pointed to Wheelock Marden and Hong Kong Hotels as potential takeover targets. Wheelock "A" rose 27½ cents to HK$4.875 and Hotels HK$4.75 to HK$42.75.

Germany

Most shares were easier again on profit-taking, but Mannesmann closed 60 pfennigs up after news of higher sales for the first five months and an announcement that it will lead a consortium building a Saudi water pipeline.

Paris

The market was in much firmer fettle after an active business, leaving the CAC General index 1.6 higher at 110.5.

Oils again featured strongly, with Elf-Aquitaine rising FFr 65 to FFr 1,370, Esso FFr 4.5 to FFr 314.5 and CFP FFr 7.6 to Fr 266.0.

Johannesburg

Golds and Mining Financials continued to move ahead in an active two-way business. F. S. Geduld put on R1.50 to R64.50, GFSA R1.75 to R85.00, Western Holdings R3.50 to R77.50 and Harties R1.50 to R84.00.

Indices

NEW YORK —DOW JONES

	June 25	June 24	June 23	June 20	June 19	June 18	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
◆ Industr'ls	887.54	877.30	875.81	869.71	870.89	881.91	903.84 (13/2)	759.13 (21/4)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	75.89	76.16	76.01	76.90	76.58	76.48	76.61 (25/6)	63.97 (28/3)	—	—
Transport	276.39	271.82	268.75	269.02	270.32	275.39	305.80 (8/2)	235.69 (27/3)	305.88 (8/2/80)	12.23 (8/7/32)
Utilities	114.82	114.29	115.99	114.20	114.58	115.57	115.57 (18/6)	96.04 (27/3)	165.52 (20/4/69)	10.52 (28/4/42)
Trading Vol 000's	46,800	37,750	34,180	39,750	38,280	41,960	—	—	—	—

◆ Day's high 892.49 low 874.91

Ind. div.-yield %	June 20	June 13	June 6	Year ago (approx)
	6.07	6.02	6.19	5.97

STANDARD AND POORS

	June 25	June 24	June 23	June 20	June 19	June 18	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	131.55	129.40	128.88	128.08	128.79	130.75	134.47 (13/2)	111.09 (27/7)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	116.72	116.14	114.51	114.06	114.66	116.2	118.44 (13/2)	98.22 (13/2)	125.85 (11/1/73)	4.40 (1/6/32)

	June 19	June 11	June 4	Year ago (approx)
Ind. div. yield %	5.22	5.12	5.28	5.30
Ind. P/E Ratio	7.75	7.75	7.59	7.91
Long Gov. Bond Yield	9.55	9.75	10.11	8.87

N.Y.S.E. ALL COMMON

June 25	June 24	June 23	June 20	1980 High	1980 Low
66.72	65.84	65.46	65.20	67.77 (13/2)	55.30 (27/3)

Rises and Falls	June 25	June 24	June 23
Issues Traded	1,893	1,885	1,884
Rises	1,065	857	829
Falls	454	592	605
Unchanged	374	436	450
New Highs	70	40	26
New Lows	2	5	7

MONTREAL

	June 25	June 24	June 23	June 20	1980 High	1980 Low
Industrial	377.32	(c)	368.53	366.54	423.89 (28/2)	325.21 (27/3)
Combined	349.30	(c)	342.98	342.72	379.90 (29/2)	296.90 (27/3)
TORONTO Composite	2055.8	2051.9	2018.7	2020.80	2192.6 (29/2)	1702.6 (27/3)

	June 26	June 25	June 24	June 23	1980 High	1980 Low
AUSTRALIA						
Sydney All Ord. (1936/39)	898.57	887.48	885.84	866.06	947.47 (14/2)	780.80 (2/1)
Metals & Mnls (1936/39)	5684.89	5579.99	5575.55	5594.55	6880.95 (14/2)	4581.26 (28/3)
AUSTRIA						
Credit Aktien (2/1/62)	67.42	67.28	67.01	66.85	69.40 (7/1)	66.35 (23/6)
BELGIUM						
Belgian SE (31/12/63)	95.85	96.15	94.88	95.26	105.75 (11/2)	90.14 (31/3)
DENMARK						
Copenhagen SE (1.1/73)	79.51	79.41	79.32	79.33	86.74 (2/1)	74.79 (5/3)
FRANCE						
CAC General (29/12/61)	110.5	108.9	108.0	107.4	117.89 (22/3)	97.1 (3/1)
Ind Tendance (29/12/79)	109.0	107.7	106.9	106.0	109.70 (13/2)	95.90 (3/1)
GERMANY						
FAZ-Aktien 31/12/58	230.43	232.03	233.95	232.50	250.89 (25/2)	212.75 (28/3)
Commerzbank (Dec. 1953	730.2	730.2	736.0	731.2	749.2 (25/2)	667.9 (27/3)
HOLLAND						
ANP-CBS General (1970)	84.1	84.5	84.8	84.9	87.0 (11/2)	74.0 (27/3)
ANP-CBS Indust. (1970)	65.1	63.8	64.1	64.4	68.2 (11/1)	58.2 (28/3)
HONG KONG						
Hang Seng Bank (31/7/64)	1026.69	1007.51	1014.20	1012.01	1026.69 (26/6)	758.9 (19/6)
ITALY						
Banca Comm. Ital (1972)	106.88	105.99	105.95	106.50	107.74 (20/6)	85.11 (2/1)
JAPAN						
Dow Average (16/5/49)	6800.55	6761.25	6806.57	6860.89	6904.31 (25/4)	6475.94 (27/3)
Tokyo New SE (4/1/68)	470.15	469.38	471.64	475.55	475.55 (23/6)	449.01 (10/3)
NORWAY						
Oslo SE (1/1/72)	127.14	126.89	127.21	125.15	144.70 (14/2)	118.12 (28/3)
SINGAPORE						
Straits Times (1966)	558.29	558.55	549.16	551.20	561.29 (23/6)	428.76 (3/1)
SOUTH AFRICA						
Gold (1958)	(u)	685.4	668.8	(u)	685.4 (25/6)	649.5 (15/6)
Industrial (1958)	(u)	532.9	529.5	(u)	532.9 (25/6)	486.8 (28/1)
SPAIN						
Madrid SE (28/12/79)	101.25	100.75	100.22	(c)	103.29 (21/2)	93.75 (13/6
SWEDEN						
Jacobson & P. (1/1/58)	365.96	362.54	361.75	361.29	396.98 (8/2)	334.72 (17/1)
SWITZERLAND						
Swiss Bank Co. (31/12/58)	304.6	301.4	300.9	300.7	317.9 (11/2)	284.3 (22/4)
WORLD						
Capital Intl. (1/1/70)	—	143.6	142.7	142.4	143.6 (25/6)	120.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Esmark	884,800	47⅞	+3⅛	Valero	423,500	22⅛	+1½
Mesa Royalty	688,200	36⅜	−2⅛	Coastal Corpn	420,800	29¾	+2⅝
IBM	572,100	59¾	+½	Mobil	370,500	74⅞	+1½
Texaco	564,200	37½	+⅛	Sears Roebuck	361,800	17⅛	+½
Boeing	465,000	36⅞	+⅛	Dart Induats.	353,200	43⅞	+⅜

Production of sugar 'may rise next year'

By Our Commodities Staff

A TENTATIVE forecast for 1980-81 world sugar production by F. O. Licht, the West German-based sugar statistician, yesterday put output between 88m and 89m tonnes.

Based on current crop indications, this estimate compares with a revised figure for world 1979-80 output of 84.62m tonnes.

The Licht estimate breaks down 1980-81 production into 33m tonnes of beet sugar and 55.4m tonnes of cane sugar which compares with the revised estimate of 1979-80 production of 33.76m tonnes for beet and 50.86m tonnes of cane. Higher Indian production next season is expected to produce a possible increase of 3m tonnes in Asian sugar.

The sugar beet crop in several areas of Russia is almost a month behind schedule, Pravda reported yesterday. The paper reported that the delay "may lead to underfulfilment of the harvest target."

Ships which arrived in Bangkok last month to load raw sugar have departed empty. Thailand's two sugar exporters, the Thailand Sugar Industry Corporation and the Thai Sugar Trading Corporation, have declared force majeure on shipments citing that the Thai Government has halted export licences. But so far the Government has not officially announced a ban on sugar exports.

World sugar prices on the London futures market were easier yesterday in thin trading. One influence was the Licht Report.

October talks on wheat pact

THE International Wheat Council said in London yesterday that its special committee to examine proposals for an alternative approach to a new wheat trade convention will meet in London on October 6-8.

Under the new approach the aims of wheat market stability and food security would be achieved through a system of nationally held reserve stocks. The accumulation and release of these stocks would be internationally co-ordinated after consultations.

Brussels proposes 20% cut in NZ butter imports

BY MARGARET VAN HATTEM IN BRUSSELS

NEW ZEALAND may have to cut its butter exports to Britain by a further 20 per cent over the next four years, to a level barely half that of the year immediately before Britain joined the EEC.

This follows a European Commission announcement yesterday of proposals for long-term arrangements covering access of New Zealand butter to EEC markets. In essence, the New Zealanders would be offered an effective 30 per cent price rise if they agreed to phase their exports down to 90,000 tonnes by 1984.

Ten years ago, New Zealand had completely free access to the British market, where it sold about 160,000 tonnes of butter and 60,000 tonnes of cheese. Although Britain, in joining the Community in 1973, was able to secure temporary preferential treatment for New Zealand until 1980; the protectionist rules of the Common Agricultural Policy (CAP) have brought substantial quantitative restrictions, together with a levy system to ensure that New Zealand butter does not undercut EEC butter on the Community's overloaded market.

In the meantime, high EEC prices have discouraged consumption in Britain, where annual butter consumption has dropped from about 470,000 tonnes to 365,000 tonnes in the past decade.

New Zealand exports 115,000 tonnes of butter and 10,000 tonnes of cheese to Britain but is forced to sell at almost twice its own price level: New Zealand butter costs about £912 a tonne, compared with the EEC intervention price of £1,762 a tonne. It is therefore forced to observe a minimum import price, and the remaining gap is covered by a levy paid to Brussels.

Under the Commission proposals, which must be approved by member governments, the minimum price and the levy would be adjusted to give the New Zealanders an effective 30 per cent price rise, but only if they agreed to cut butter exports back to 90,000 tonnes by 1984 and thereafter.

The New Zealanders have little bargaining power, and their ability to secure better terms depends heavily on Britain's winning support for them from other member governments in the Council of Ministers.

The French strongly oppose the idea of permanent access for New Zealand and consider the offer generous. Britain considers the offer niggardly, and another Anglo-French row appears certain when the issue is raised at next month's Council of Farm Ministers.

The conflict is essentially one between the Community's highly subsidised and over-productive but powerful dairy industry, and the weaker New Zealanders, who, although much more competitive, has been unableto develop satisfactory alternative markets for their products.

The British sense of moral obligation to New Zealand, whose economy developed historically as a supplier of food to Britain, is not shared equally by other Community Governments. Many of them are becoming increasingly alarmed at the cost of maintaining the Community's own dairy surplus, which absorbs almost 40 per cent of the EEC budget, and fear that special treatment for New Zealand may set a precedent for other non-EEC suppliers.

Copper lower despite U.S. labour troubles

BY JOHN EDWARDES

COPPER PRICES fell back on the London Metal Exchange yesterday, despite the news that the U.S. copper workers unions had rejected initial wake offers from leading producers. Cash wirebars lost £12 to close at £838.75 a tonne.

It was noted that there is still some time to go before the labour contracts expire at the end of this month, and intensive negotiations are expected to continue until the deadline.

Even if there is a strike before the terms of new contracts can be agreed, it is estimated that there are sufficient stocks to last for up to three months before any stoppage had an appreciable effect—so low is the present level of demand.

Nevertheless, a lengthy stoppage by U.S. copper workers, as happened in 1967-68, could radically alter the present supply-demand picture, but few traders expect the workers to be too militant in view of the bleak employment situation.

Reuter reports from Santiago: Chilean copper exports during the first four months of 1980 rose to 344,400 tonnes against 297,000 tonnes during the same period last year.

Tin was a highly nervous market yesterday. Forecasts of another fall in warehouse stocks pushed the cash price up by a further £60 to £7,420 a tonne, widening the premium over the three months quotation to £83.

Predictions of further falls in warehouse stocks boosted both aluminium and nickel. Nickel in particular shrugged off the cut in ferro-nickel prices announced by Le Nickel. The cash price gained £72.5 to £2,797.5 a tonne as demand for nearby supplies met with reluctant sellings in an otherwise quiet market.

Ferro-nickel price cuts announced

By Our Commodities Editor

A CUT in the price of ferro-nickel, to allow for the reduced value of iron, was announced by the Le Nickel group yesterday. It is lowering its price for No. 1 ingots by 4 cents to $3.50 a pound $7,716 a tonne against $7,804 previously).

The reduced price will be taken into account when the UK producer quotation is adjusted at the beginning of July to take account of exchange rate fluctuations.

Le Nickel has consistently pointed out that the price of its ferro-nickel products, which contain a large proportion of iron, must take into account the cost of scrap iron, which has fallen sharply during the past few months.

The price reduction is, therefore, a reflection of the fall in demand for iron, hit by the recession in the steel industry, rather than for nickel.

New frost fears hit coffee futures

By Our Commodities Staff

REPORTS from Brazil of bad weather threatening coffee crops sent London Robusta futures sharply higher yesterday. The September position closed £31 higher at £1,596.5 a tonne after reaching £1,620 at one stage.

Cold weather fronts are threatening to produce freezing conditions in the Brazilian coffee states of Parana and Rio Grande do Sul over the next few nights, according to private trade reports circulating in London.

Brazilian coffee traders said in Rio de Janeiro, however, that strong winds and rain which had lashed Parana state for 24 hours had had little effect on the coffee trees. Some accounts of the freak weather reported particularly strong winds in the southern non-coffee-growing part of Parana. Winds were said to be less severe in the northern coffee areas.

A new working group was formed to establish a framework for a specification for green coffee at the fourth meeting of the International Standards Organisation's Coffee Committee, said Mr. Anthony Ayling, chairman, in London yesterday. The committee ended its meeting on Wednesday.

The working group comprises experts from Brazil, Colombia, Kenya, Ivory Coast, India, France, West Germany, Switzerland and Britain. Proposals will be put to the next meeting of the coffee committee, which will probably be held in Kenya in autumn of 1981.

Smaller-egg prices to fall

PRICES of smaller size eggs are to fall next week for the first time for a year. Goldenlay, the big marketing co-operative, blamed the decline on an influx of continental egg imports, mainly from Belgium and France.

The cost of smaller eggs (sizes 3 to 6) will be cut by between 3p and 6p a dozen, but the price of larger eggs is expected to remain unchanged.

RAINS BRING PROBLEMS FOR SHEEP FARMERS

When the grass is greener

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE RECENT rains have probably helped save the spring barley crop in many areas from being a complete disaster. But it has created other problems, along with its undoubted benefits.

During the drought the lambs had thriven extremely well. I had never known them put on flesh and fat so quickly. My sales during May and early June were the highest I have ever secured in that period.

But now the situation is changing. This week I was drawing lambs for sale, and found that they had put on no more weight in the last fortnight, in spite of the fact that they had before them a good supply of good green leafy grass.

They had also grown quite considerably in frame, but this it appeared was more in the form of bone and not flesh. They still look very well, and have been suitably dosed to keep the memaboses at bay. This change in condition means that their killing out percentage—the difference between the live and dead weight—would alter materially.

A rough and ready formula is that a thriving young lamb in early summer will probably kill out at half its live weight. A lamb weighing 80 lb would return a carcase of 40 lb, or even, in an exceptional season as this was in mid May, at a little more.

My present sales will probably kill out at 38 lb for the same liveweight or possibly even less. There is no way of telling accurately until the lambs are dead. The best indication is the degree of condition that can be discerned by handling the animal.

If the stump of the tail dock is thick, the backbone difficult to find, and there is a wide gap between the shoulder blades, the lamb will kill well. On the other hand a thin dock nearly always means a bad killing out and the deficiencies of condition are always apparent. It is therefore no good just weighing lambs as many farmers do, and sending to market all above a certain weight without reference to the lamb's condition.

But there is another problem here. The definition of condition that I was trained to pick lambs by, tended to make the lambs chosen too fat for much of the modern trade, particularly for the export trade. This is because the types of rams used in breeding lambs for market tended to be those which matured quickly and produced this sort of carcase.

To get ove this, recourse has been made to France and Holland where there are breeds noted, rather as are the French cattle, for producing a better-fleshed animal. So far their use has been very restricted, mainly because the market does not really reward the farmer well enough for the expense of these rams.

For years I used rams of the Hampshire and Dorset Down breeds which were traditional in these areas. Crossed with the North country crossbred ewes they produced lambs which fattened fairly easily but if kept too long developed too much fat.

This was an important point because although they were extremely good for selling when very young—at a time when the immature fat was not a detriment, they did not sell so well as store animals in the late summer for other farmers to fatten.

Butchers are now much more keen on crosses from the Suffolk, another traditional breed which develops a much larger frame and does not seem to lay on the fat in quite the same way as the Hampshires do.

Because my grass supplies don't allow me to sell more than two-thirds of my lambs' fat off their mothers, the remainder have to be sold as store animals and I have found that those who graze them don't like the Hampshires. The Suffolk crosses make more money. It is as simple as that.

This still leaves the question as to why the lambs do so well in a dry time when the grass is as short as it was in May. There is as yet no complete scientific answer but I believe it to be because the early spring grass is at its most nutritious and even in dry weather every blade contains more food value for its weight than it does at any other time of the year. Today, when there is plenty of grass those nutrients are diluted and the lambs have to eat more to get the same result, as do the ewes to make more milk, and the benefits go to growth and not flesh.

Farm produce marketing campaign

FINANCIAL TIMES REPORTER

A three-point strategy to improve British farm produce marketing has been adopted by the Central Council for Agricultural and Horticultural Co-operation.

The intention is to improve farmers 'and growers' long-term profitability by professional marketing through co-operatives:—

1) to ensure that production is planned to meet clearly defined customer demand.

2) to ensure thta co-operative production and post harvest programmes are backed by the best available technolog yin conjunction with the Government advisory services.

3) to ensure that produce is marketed and promoted to best effect at key points in the chain from farm to consumer.

Extra Government aid for agricultural co-operatives announced this week by Mr. Peter Walker, Minister for Agriculture, will help finance the new CCAHC campaign.

Mr. Nicholas Saphir, chairman, sai dyesterday the spearhead of the campaign will be a £150,000-a-year programme of farm produce promotions with co-operatives at trade and retail level.

The council also welcomed last night the Governments plans to increase capital grants to co-operatives to a maximum of 32½ per cent of the cost of projects as the "quickest and most direct way to stimulate farmers to undertake new marketing developments."

Government funds available to the council are being increased from £391,000 to £500,000.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lost ground on the London Metal Exchange. Forward metal opened around £871.5 and gradually fell away on lack of interest and modest trade selling to close the afternoon kerb at £863. Turnover 19,875 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	845-6	-5.25	838-9.5	+12
3 months	869-.70	-4.75	865.5-6	-9.5
Settlem't	846	-3	—	......
Cathodes				
Cash			814-6	-6
3 months	815-6	-5	844-5	-5.5
Settlem't	844-5	-6	—	......
U.S. Prod	816	-5	*88-90	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £485, three months £870, 69, 69.5, 70, 69.5. Cathodes, cash £817, three months £847. Kerb: Wirebars, three months £869, 68, 68.5. Afternoon: Wirebars, three months £869, 68, 67.5, 68, 67, 66, 65. Kerb: Wirebars, three months £864, 63, 63.5, 64, 63.

TIN—Marginally firmer for forward metal although rumours of a sizeable stocks decline this week and concern over the political situation in the Far East — in particular Thailand — encouraged good demand for cash metal and widened the backwardation to £90 at the close. Three months opened at £7,330 and edged up to close the late kerb at £7,370. Turnover 595 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7430-40	+85	7410-30	+60
3 months	7360-70	+15	7355-70	+2.5
Settlem't	7440	+88	—	......
Standard				
Cash	7430-40	+15	7410-30	+60
3 months	7340-5	+40	7335-40	+20
Settlem't	7440	+80	—	......
Straits E.	$$2150	—		......
New York	—	......		......

Morning: Standard, cash £7,430, 50, 40, three months £7,350, 40. Kerb: Standard, three months £7,345. Afternoon: Standard, three months £7,340. Kerb: Standard, three months £7,350, 60, 66, 70, 60.

LEAD—Barely changed. After opening at £331 three months fell away to £325 on the pre-market with stop-loss selling reported below the £330 level. Thereafter the market rallied on short covering and fresh buying from one quarter to end the late kerb at £31.5. Turnover 7,800 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	322-3	-5	322-3	-1.5
3 months	330-.5	-4.25	331-.5	—
S'ment	323	-5	—	......
U.S. Spot	—	......	*36-40	......

Morning: Cash £323, three times £325, 26, 27, 28, 30, 29, 30, 31, 30. Kerb: Three months £330, 29, 29.5. Afternoon: Cash £322, 23, three months £31, 30, 30.5, 31, 31.5. Kerb: Three months £332, 31, 31.5, 32.

ZINC—Easier in the wake of general liquidation prompted by the trend in other metals. Forward metal opened at £305 and gradually fell away to close the afternoon kerb at £297.5. Turnover 7,125 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	287.5-8.5	-4.5	285.5-6.5	-6.5
3 months	300-1	-4.75	298.5-9	-6.75
S'ment	288.5	-4.5	—	......
Primw'ts	—	......	*35.5	......

Morning: Cash £287, 88, three months £303, 01. Kerb: Three months £300. Afternoon: Three months £300, 298.5. Kerb: Three months £299.

ALUMINIUM—Little changed despite rumours of a large stocks decline over the week. Three months metal eased throughout the day to end the late kerb at £718 with the backwardation widening slightly to £15. Turnover 3,750 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	735-6	+18	733-4	+5.5
3 months	719-20	+8	718-20	-1.5

Morning: Cash £736, 35, three months £719, 20, 19. Kerb: Three months £719. Afternoon: Cash £733. Kerb: Three months £719, 18.

NICKEL — Moved ahead reflecting rumorous of a sizeable stocks fall over the week. Forward metal moved narrowly during the morning and traded around the £2,770 level. However, in the afternoon good demand for cash metal caused a sharp narrowing in the contango which coised at £10. Three months closed the kerb at £2,810. During the late inter-office trading SLN announced a 4 cents cut in ferro-nickel prices. Turnover: 510.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2750-70	+30	2795-800	+72.5
3 months	2770-80	+5	2815-20	+32.5

Morning: Cash £2,760, three months £2,770. Afternoon: Cash £2,770, three months £2,800, 10, 20. Kerb: Three months £2,815, 10.

CORAL INDEX: Close 464-469 (unchanged)

SILVER

LME—Turnover 168 (138) lots of 10,000 ounces. Morning: Three months 718, 19, 16. Kerb: Three months 717. Afternoon: Three months 711, 08, 07. Kerb: Three months 709, 8, 9.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffici'l	+ or —
Spot	686.30p	-0.80	678p	-15.5
3 months	716.60p	-0.35	708.25p	-12.7
6 months	741.70p	+0.15	—	......
12months	785.0p	......	—	......

Silver was fixed 0.8p an ounce lower for spot delivery in the London bullion market yesterday at £6.883. U.S. equivalents of the fixing levels were: spot $16.099, up 29c; three-month $16.475, up 83c; six-month $16.88, up 61c; and 12-month $17.626, up 84c. The metal opened at £6.75-£6.90 ($15.8-$16.1) and closed at the same level.

COTTON

LIVERPOOL—No spot or shipment sales were recorded leaving the total for the week so far at 148 tonnes. Slow movements of supplies was reflected in limited operations and few customers were anxious to supplement their supplies. Minor contracts were under review in American type varieties with disturbing economic repercussions restraining the offtake.

*

HIDES—Manchester: Little changed. Second clears. Ox 31/35.5 kilos 34.1p per kilo (34p per kilo): 26/30.5 kilos 42p (41.7p); 22/25.5 kilos 43p (45.1p). Light cows 39.3p a kilo withdrawn (42.5p).

COCOA

Continuing the recent decline futures traded at levels some £30 below wednesday evening's close and ended the day marginally above the lows. Physicals enjoyed a more active time than of late with producers re-entering the market, whilst consumers were taking advantage of the market dip to buy outright cocoa beans and products, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
July	1060-64	-29.5	1079-60
Sep	1070-72	-35.5	1101-1068
Dec	1122-23	-28.0	1143-18
March	1162-63	-25.0	1183-61
May	1188-89	-21.0	1207-1187
July	1210-15	-21.5	1225-15
Sept	1235-40	-25.5	1255

Sales: 4,193 (2,336) lots of 10 tonnes.

COFFEE

Robustas opened slightly lower as expected but began to move ahead again as the morning progressed. The afternoon session opened to more rumours of cold weather and frost fears but in somewhat hesitant conditions values moved only £40 further ahead. With no extra rally forthcoming prices eased on general profit-taking and values were well off the highs at the close, reports Drexel Burnham Lambert.

COFFEE	yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1541-42	+29.0	1566-04
Sept	1595-98	+31.0	1620-57
Nov	1606-13	+15.5	1635-85
January	1618-20	+5.5	1640-00
March	1617-20	+36.5	1625-85
May	1620-45	+47.5	—
July	1580-60	+22.5	—

Sales: 8,314 (7,578) lots of 5 tonnes.

ICA indicator prices for June 25 (U.S. cents per pound): Other Mild Arabicas 172.67 (169.00); Robustas ICA 1976 160.00 (158.00); ICA 1968 160.25 (158.25); Unwashed Arabicas 206.00 (same); Comp. daily ICA 1968 181.86 (180.33).

GRAINS

Business done—Wheat: Sept. 95.65-95.45, Nov. 99.45-99.15, Jan. 103.15-102.95, March 106.70-106.45, May 110.15-109.90. Sales: 554 lots of 100 tonnes. Barley: Sept. 91.75-91.50, Nov. 95.70-95.45, Jan. 99.55-99.15, March 102.75-102.70, May 106.05-105.85. Sales: 265 lots of 100 tonnes.

Mnth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
Sept.	95.65	+0.25	91.85	+0.35
Nov.	99.40	+0.25	95.70	+0.35
Jan.	103.15	+0.20	99.55	+0.40
Mar.	106.70	+0.25	102.80	+0.25
May.	110.10	+0.30	106.05	+0.20

The market opened unchanged but found nervous short-covering in light volume. After initial rises were sustained there was some heavy trading and despite strong profit-taking values closed 20p-30p higher for wheat in good volume. Barley was a rather duller affair but found strength for the first time in some weeks and closed firm between 25p-40p higher, reports Acli.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2 14 per cent July 98.75, Aug. 100, Sept. 100.50 transhipment East Coast. U.S. Hard Winter 13½ per cent July 98 transhipment East Coast. English Feed fob Sept. 99.50, Oct. 101.50 east coast. Maize: French July 120.00 East Coast. S. African yellow July/Aug. 80.00. Barley: English Feed fob Sept. 94, Oct./Dec. 99, Jan./March 105, April/June 110 East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices: Feed barley S. East 90.00, W. Midlands 91.00, N. West 92.10.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. July 467.0, 472.0, 473.0-467.0, 51; Oct. 451.0, 452.0, 457.0-450.0, 190; Dec. 454.5, 455.0, 458.0-453.5, 159; Mar. 460.0, 461.0, 463.2-460.0, 67; May 463.0, 465.0, 464.2-461.0, 54; July 464.0, 465.0, 465.0-465.0, 5; Oct. 465.0, 466, —, —; Dec. 465.0, 466.0, 465.0-465.0, 2. Sales 528.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). Australian cents per kilo. Aug. 359, 361, nil, nil; Oct. 359, 362, nil, nil; Dec. 360, 364, nil, nil; Jan. 361, 367, nil, nil; March 366, 368, 368, 5; May 366, 370, nil, nil; Aug. 372, 374, 374, 2; Oct. 371, 375, nil, nil; Dec. 372, 374, nil, nil. Sales: 7.

RUBBER

The London pheical market opened about unchanged, with fair trade throughout the day closing quietly steady. Lewis and Peat reported a Malaysian godown price of 295 (same) cents a kg (buyer, July).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Aug.	61.10-61.50	61.50-61.80	—
Sept.	62.40-63.00	62.80-62.80	—
Oct-Dec	64.50-64.60	64.60-64.80	64.90-63.90
Jan-Mar	67.80-67.70	67.80-67.90	67.90-66.90
Apr-Jne	70.40-70.50	70.60-70.80	70.50-69.80
Jly-Sept	73.00-73.40	73.10-73.20	72.60
Oct-Dec	75.50-75.60	75.60-75.70	75.50-74.90
Jan-Mar	78.10-78.20	78.20-78.50	78.20-77.50
Apl-June	80.60-80.90	80.70-81.00	—

Sales: 334 (327) at 15 tonnes, none at 5 tonnes.

Physical closing prices (buyer) were: Spot 59.75p (60.00p); Aug. 63.00p (63.50p); Sept. 63.50p (64.00p).

SOYABEAN MEAL

The London market opened strong on commission house buying, reports T. G. Roddick. Trade selling and profit-taking encouraged by stronger sterling eased values which closed with small losses.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
August	102.80-03.2	-0.25	104.10-103.20
October	104.80-05.0	-0.20	106.10-105.00
December	106.00-06.2	-0.45	108.30-106.20
February	110.70-11.0	-0.80	112.00-111.80
April	113.10-13.4	-0.50	—
June	114.50-15.0	+0.25	—
August	115.80-17.0	+1.0	—

Sales: 119 (106) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £324.00 (£322.00) a tonne cif for June-July-Aug. shipment. White sugar daily price was £342.00 (same).

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Aug.	358.25-58.45	358.00-58.25	358.65-57.00
Oct.	374.30-74.50	384.75-85.00	386.00-73.00

Sales: 3,330 (2,783) lots of 50 tonnes.

NUMBER 4 CONTRACT—Close (in order buyer, seller only). Aug. 340.00, 345.00; Oct. 364.00, 364.50; Jan. 375.05, 376.00; Mar. 386.50, 386.75; May 379.75, 380.00; Aug. 373.00, 377.00; Oct. 370.00, 374.00. Sales 3,330 (4,766).

Tate and Lyle ex-refinery price for granulated basis white sugar was £324.7 (same) a tonne for home trade and £445.50 (£446.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for June 25. Daily price 32.05 (same); 15-day average 30.67 (30.53).

*

GRIMSBY FISH — Supply: Good, demand: good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£4.50, codlings £2.50-£3.40. Large haddock £3.30-£4.20, medium £3.00-£4.00, small £2.30-£3.40. Large plaice £6.50-£7.40. Best small £3.50-£5.00. Skinned dogfish (large) £6.00, (medium) £4.00. Lemon soles (large) £8.00, (medium) £6.50. Rockfish £2.00-£2.80. Reds £2.30. Saithe £1.80-£2.50.

PRICE CHANGES

In tonnes unless otherwise stated.

	June 26 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1680/1700	......	$1680/17
Copper			
Cash w'bar	£838.75	-12	£895.25
3 mths	£805.75	-0.5	£917.5
Cash Cathode	£815	-5	£869
3 mths	£844.5	-6.5	£894
Gold troy oz	$623.5	-2	$518.5
Lead cash	£322.5	-1.5	£318
3 mths	£331.25	......	£324.5
Nickel	£2,248.35	......	£2,536.5
Freemkt(cif (lb)	265/285c	......	285/295c
Platin'mtr'y oz	£182.50	......	£189/195
Free mkt	£278.75	-1.75	£243.55
Quicksil'ver†	$380/390	......	$385/395
Silver troy oz	686.30p	-0.80	555.95p
3 months	716.60p	-0.35	574.95p
Tin Cash	£7,420	+60	£7,470
3 mths	£7,337.5	+20	£7,385
Tungsten 22.04lb	$139.62	......	$142.49
Wolfrm 22.04 lbs	$145/146	......	$136/145
Zinc cash	£286	-6.5	£297
3 months	£298.75	-6.75	£306.25
Producers	$780	......	$780/825
Oils			
Coconut (Phil)	$640x	......	$660
Groundnut	‡	......	‡
Linseed Crude	£406	......	£401
Palm Malayan	$547.50w	......	$590
Seeds			
Copra Philip.	$435	......	$450
Soyabean (U.S.)	$274x	+3.2	$262.85
Grains			
Barley Futures	£95.70	+0.55	£95.20
Maize			
French No3AM	‡	......	‡
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	96.0	......	‡
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't.	£1,127	-35	£1,153
Future Sept.	£1,071	-35.5	£1,092.5
CoffeeF't Sept.	£1,595.5	+31	£1,700.5
Cotton A.Index	83.65c	......	87.05c
Rubber (kilo)	59.75p	-0.25	67.50p
Sugar (Raw)	£324	+2	£337
Wooltp's 64s kl	291p kilo	......	295pkilo

u July-Aug. s June-July. w Aug. x July. z Indicator. § Buyer. ‡ Per 276-lb flask.

POTATOES

POTATOES FUTURES—Slightly easier, but lack of fresh fundemental news left prices rather static and trade was thin, reports Coley and Harper. Closing prices: Nov. £45.40-0.30 (high 45.70, low 45.10); Feb. £52.60-0.40 (high 53.00, low 52.50); April £59.30-0.40 (high 59.80, low 59.30). Turnover: 36 (49) lots of 40 tonnes each.

MEAT/VEGETABLES

MEAT COMMISSION — Average fatstock prices at representative markets on June 26: GB cattle 80.97p per kg lw (−1.20); UK sheep 151.65p per kg est d c w (−0.11); GB pigs 67.62p per kg lw (+1.57).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 65.0 to 69.0; Ulster hindquarters 80.0 to 84.0, forequarters 41.0 to 44.0; Eire hindquarters 80.0 to 83.0, forequarters 40.0 to 43.0. Veal: Dutch hinds and ends 99.0 to 102.0. Lamb: English small 62.0 to 72.0, medium 64.0 to 68.0. Imported frozen: NZ PL 59.5 to 61.0, PM 56.0 to 58.0. Pork: English, under 100 lb 40.0 to 49.0, 100-120 lb 39.0 to 47.5, 120-160 lb 38.0 to 45.5.

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Jaffa: Valencia Lates 2.80-4.00; Moroccan: 54/113s 3.40-4.30; Cyprus: Valencia Lates 3.60-4.50; Arizona: Valencia Lates 72/113s 4.20-5.80; Outspan: Navels 3.80-4.65. Lemons—Italian: 100/150s 4.00-5.00; Spania: Trays 25/45s 1.90-2.00, boxes 4.40-5.50; S. African: 80s 5.20. Grapefruit—Outspan: 4.00-4.95; Texas: Pink flesh 7.50-8.00; Apples—New Zealand: Sturmer Pippins 9.00, Granny Smith 9.60; Tasmanian: Sturmer Pippins 9.20-9.50, Crofton 11.00; S. African: Golden Delicious 9.60-10.00, Granny Smith 9.80-9.80; Dutch: 22-lb Golden Delicious 2.50; French: 40-lb boxes, Golden Delicious 138/198s 6.20-7.00, 20-lb 3.20-3.60; Italian: Jonathans/Romes 40-lb 6.00-6.20. Pears—S. African: Approx. 35-lb Josephines 11.00; Victorian: Josephines 11.50-12.00, Winter Nelis 10.00-10.50, Packham's 12.00. Peaches—Spanish: Yellow flesh 1.50-3.30; Italian: 1½ trays 2.00-5.30, ordinary 2.20-3.00. Plums—Spanish: Red 2.20-3.80, Yellow 1.10-1.70, Gaviota 4.00-4.50. Apricots—Spanish: 3.00-3.50. Cherries—Per pound. French: 0.25-0.30; Italian: 0.35-0.40. Grapes—Per pound, Californian: Perlette 0.90, Cardinal 0.80; Israeli: approx 10-lb 7.00. Melons—Israeli: Galia 4.00; Spanish: Marina 5/6s 2.00-2.40, Ogen 3.50, Galia 3.00-3.50; Israeli: Yellow 5.00. Watermelons—Israeli: 5.00; Spanish: 3.60-4.00. Avocados—S. African: 3.00-3.50. Bananas—Jamaican: 28-lb, per pound 0.18. Tomatoes—Dutch: 2.00-2.20; Guernsey: 1.80-2.40; Jersey: 1.80-2.00; French: 1.60. Onions—Spanish: 5.40-5.70; Egyptian: 6.25; French: 6.20. Potatoes—Cyprus: New crop 20-kg 4.00; Jersey: 3.00-3.30. Carrots—French: 22-lb 2.20, 26-lb 3.00; Italian: 2.20-2.40. Beetroots—Cyprus: New crop, approx 28-lb 2.00. Cabbages—Dutch: White 1.80-2.50. Courgettes—French: Per pound 0.25. Capsicums—Dutch: 5.40.

English Produce: Potatoes—Per bag, new 2.80-3.00. Mushrooms—Per pound 0.55-0.65. Apples—Per pound Bramley 0.12-0.19. Strawberries—English, per ½-lb 0.12-0.18. Cabbages—Per bag 1.00. Cauliflowers—Per 12s English 3.60-4.50.

AMERICAN MARKETS

NEW YORK, June 26.

THE LIVESTOCK complex finished mostly lower as tight supplies were not able to generate sufficient demand. Gold finished higher on expectations that Western markets will lose almost 40 per cent of current supplies with the suspension of sales by the IMF and GSA. Silver followed gold on the upside but without the aggressive support. Sugar declined the full limit as a new private estimate of world production released on the Continent was construed as bearish. Forecast of frost in Brazil rallied the coffee market slightly higher. West African sales depressed the cocoa market. Cotton closed sharply lower on liquidation ahead of the U.S. planting report on Friday. Grains and soyabeans closed lower, reported Heinold.

Potatoes (round whites)—Nov. 76.6-77.5 (79.0), March 96.5 (100.8), April 116.0-116.5. Sales: 2,743.

Sugar—No. 11: July 31.75-31.90 (33.45), Sept. 34.05 (35.05), Oct. 34.82, Jan. 35.83, March 36.79, May 35.80, July 35.05, Sept. 33.90, Oct. 33.85. Sales: 12,590.

Tin—774.00-793.00 asked (773.00-779.00).

CHICAGO, June 26.

Lard—Chicago loose 18.25 (same). New York prime steam 18.25 (same).

Live Cattle—Aug. 69.10-69.00 (69.82), Oct. 66.90-66.80 (67.45), Dec. 67.50-67.45, Jan. 68.20, Feb. 68.60, April 69.05.

Live Hogs—July 40.85-40.95 (40.60), Aug. 39.65-39.75 (39.75), Oct. 39.65-39.55, Dec. 42.70-42.72, Feb. 45.65, April 44.60, June 46.45, July 47.00, Aug. 48.40 asked.

‡‡Maize—July 284¾-283¾ (284¼), Sept. 289¾-289½ (290½), Dec. 295¾-296, March 308, May 315¾, July 320.

Silver—July 1622.0 (1580.0), Aug. 1635.0 (1590.0), Sept. —, Oct. 1665.0, Dec. 1695.0, Feb. —, April 1755.0, June 1785.0, Aug. 1815.0, Oct. 1845.0, Dec. 1875.0, Feb. 1905.0, April 1935.0, June 1965.0, Aug. 1995.0, Oct. 2025.0.

†Soyabeans—July 652½-653 (656), Aug. 660-661 (662¾), Sept. 669-670, Nov. 684½-685, Jan. 700, March 716½, May 728½, July 728-738½.

‖Soyabean Meal—July 176.7-177.0 (177.3), Aug. 179.0-180.3 (180.7), Sept. 183.2-183.0, Oct. 186.0-186.2, Dec. 191.0-191.2, Jan. 193.5-193.8, March 198.0-198.2, May 201.8-202.0, July 206.0, Aug. —.

Soyabean Oil — July 22.74-22.75 (22.79), Aug. 22.96-22.97 (23.04), Sept. 23.17-23.20, Oct. 23.40-23.45, Dec. 23.75-23.77, Jan. 23.90-23.95, March 24.25, May 24.55, July 24.30, Aug. 24.85-24.90.

†Wheat — July 424½-425½ (433½), Sept. 437-438 (444), Dec. 455-455½, March 467½-468, May 473-473½, July 471½.

WINNIPEG, June 26. §Barley—July 137.60 (139.30), Oct. 131.60-131.70 (132.10), Dec. 130.10, March 130.20, May 130.20.

Pork Bellies—July 35.10-34.90 (35.17), Aug. 34.80-34.70 (34.82), Feb. 51.70-51.80, March 51.85-51.95, May 52.30, July 52.90-52.70, Aug. 52.10-52.00.

Chicago Imm Gold—July 629.5 (619.0), Sept. 638.0-639.0 (629.2), Oct. 644.5, Dec. 657.5-656.5, Jan. 663.2, March 675.0-676.0, April 681.7, June 694.0.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 224.68 (226.43).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, June 26.

Wheat—U.S. No. Two Dark Hard Winter 13.5 per cent. July $201. U.S. No. Two Red Winter, July $187, Aug. $190 Sept. $192. U.S. No. Two Northern Spring. 14 per cent protein. June $208.50, July $207, Aug. $208, Sept. $210, Oct. $213, Nov. $215, Dec. $222. Rest unquoted.

Maize—Spot $146, AFL $142, June $140.75, July $140.25, Aug. $142, Sept. $143.50, Oct.-Dec. $147, Jan.-March $154.50, April-June $160.

Barley—June $147.75, July $149.25, Aug. $150.50.

Soyabeans—U.S. Two Yellow Gulfports AFL $263, July $265.50, Aug. $269.50, Sept. $274.50 Oct. $279, Nov. $279.25, Dec. $284.25, Jan. $288.25, Feb. $294.50, March $297.50. Argentine June-July $260.50, Aug. $263, Sept. $271 sellers.

Soyameal—44 per cent protein. U.S. AFL $218, July $221.50, Aug. $226.25, Sept. $228.50-229.50, Oct. $233, Nov.-March $243 $248.50 traded. AFL $221.50, July $221.50, Aug. $228.25, Sept. $229.50, Oct. $235, Nov.-March $243 sellers: Brazil Pellets July $226.50, Aug. $229-$230 Sept. $235 traded. AFL $225, July $228.50, Aug. $229, Sept. $235, Oct. $241, Nov.-March $254.50.

PARIS, June 26.

Cocoa (FFr per 100 kilos)—July 951-1010, Sept. 1031-1040, Dec. 1059-1068, March 1100-1109, May 1120-1130, July 1135-1150. Sales at call: 6.

Sugar (FFr per 100 kilos)—Aug. 3292-3300, Oct. 3460-3465, Nov. 3440, Dec. 3540-3550, March 3660-3670, May 3680, July 3690, Aug. 3700. Sales at call: 9.

INDICES

FINANCIAL TIMES

Jun 25	June 24	Mnth ago	Year ago
269.36	266.77	268.69	300.96

(Base: July 1, 1952=100)

MOODY'S

June 25	Jun 24	M'nth ago	Year ago
1171.4	1161.9	1121.7	1106.7

(December 31, 1931=100)

DOW JONES

Dow Jones	June 25	June 24	Month ago	Year ago
Spot	433.61	431.91	428.00	422.53
F'tur's	446.08	443.70	450.20	435.62

(Average 1924-25-26=100)

REUTERS

June 26	June25	M'nth ago	Year ago
1676.9	1679.7	1704.2	1628.2

(Base: September 18, 1931=100)

Hopes of new long tap sell-out frustrated and Gilts fall back—Plessey strength aids quiet equity sector

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
June 16	June 26	June 27	July 7
June 30	July 10	July 11	July 21
July 14	July 24	July 25	Aug. 4

* "New time" dealings may take place from 9 am two business days earlier.

Overseas and domestic investment funds were concentrated early yesterday on the longer of the two new Government tap stocks, **Treasury** 13 per cent 2000 (£30-paid), but not in sufficient quantity to exhaust official supplies. After selling stock at ⅛ premium on Wednesday's tender price, the Government broker was not tested at a higher level and this disappointed the market. Some investors later disposed of existing holdings in order to raise money for their tap purchases and the tendency throughout the Gilt-edged sector turner easier.

Early gains extending to ½ were gradually replaced by falls ranging to ⅜ before renewed demand late in the afternoon reduced the losses, but in the after-hours' trade quotations reverted to the day's lowest. First-time dealings in the shorter new issue, **Exchequer** 12¼ per cent 1985 A (£40-paid) were negligible as expected, but revived interest from high tax payers caused the Government broker to withdraw his selling price of 69$\frac{7}{16}$ for supplies of the special low-coupon tap stock, **Treasury** 3 per cent 1985.

Official optimism about a fall in interest rates probably aided the initial firmness in both Gilts and equities, but the effect on sentiment was short-lived. Leading shares soon surrendered modest improvements and turned a penny or so cheaper with the exception of selected Electricals. Plessey became particularly prominent on the group's smart annual profits performance, which was well in excess of market estimates, and rose 18 to 178p; **Racal** and **GEC** made sympathetic headway.

Much was expected of Oils *following Wednesday's after-hours'* enthusiastic response to *British Petroleum's new North* Sea oil discovery close to its *Ninian Field. Only* **LASMO**, however, attracted sizeable interest and easily topped the day's active stocks list. After starting higher, other Oils often settled easier on balance, including **BP**, which closed 4 off at 380p.

The FT Industrial Ordinary share index was 1.4 higher at the first calculation of the day, but nearly a point down at noon. *Subsequently, the sharp rise in* Plessey contributed to the better *index trend and it closed a net* 0.8 up at 466.7.

Traded options attracted a total of 1,088 contracts compared with the previous day's 1,053. A *good business was again transacted in* **Cons. Gold Fields** which were dealt 481 times.

Home Banks drift

A shade firmer at first, home banks turned dull as end-Account *selling developed.* **Barclays**, *391p*, and **Midland**, 356p, shed 4 and 5 *respectively. Merchant Banks* also had an easier appearance, **Kleinwort Benson**, *at 186p, los-* **Kleinwort Benson**, at 186p, losing most of the previous day's gain of 12.

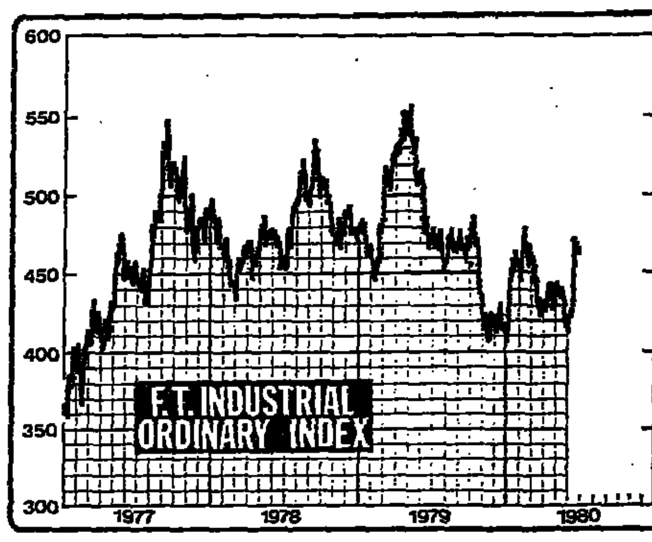
Insurance brokers displayed no set trend awaiting today's publication of the Fisher Report. **Stenhouse** attracted attention and added 5 to 84p, while **Christopher Moran** firmed 2 to 29p despite the lower annual profits. Composites softened as the session wore on with **General Accident** closing 8 off at 2478p.

A shade firmer at the outset leading Breweries failed to attract follow-through business and drifted to end around the overnight closing positions. Once again, a couple of bright spots were evident among regional counters. **Hardys and Hansons** improved 5 to 273p in response to the mid-term statement while further support was seen for **J. A. Devenish**, a few pence up at 262p.

Redland became the second leading building company to report better-than-expected preliminary profits in the last couple of days and responded with a gain of 7 to 177p. **BPB**, which announced excellent results on Wednesday and rose 9 to 213p, added a penny more to a 1980 peak of 214p. The satisfactory interim performance from **Whatlings** stimulated buying interest and the price rose 2 to 16p, while the more-than-doubled profits prompted a gain of 25 to 680p in ***Burnett and Hallamshire***. **Countryside**, however, remained *at 64p despite the return to profitability at the interim stage. Most other Buildings barely stirred,* but **P. C. Henderson A** added 5 *to 150p in a restricted market as* speculative interest revived. **Ibstock Johnsen**, on the other hand, were subjected to small selling in an unwilling market and shed 5 to 62p.

Firm at the outset on the company's involvement in the neighbouring North Sea block to the latest British Petroleum discovery, **ICI** drifted back as interest faded and *the close* was 2 cheaper on balance at 382p, *after 388p.* ***Reverlex*** *touched 53p* before settling at 51p for a net *gain of a penny on the company's* decision to resist the Yule Catto *takeover bid currently worth 50p* per share.

A couple of outstanding weak *spots appeared among leading* Stores, awaiting news from the *annual meeting,* ***Mothercare*** *ran* into selling and fell 18 to 248p and lack of support left **Raybeck** 6 *off at 55p. Among mail-orders,* fresh interest was shown in **Empire**, *4 harder at 154p, but* **Freemans** remained friendless *and eased that much to 152p for* a two-day fall of 8.



Preliminary results well in excess of expectations prompted a steady demand for Plessey which advanced to close around the day's best with a rise of 18 at 178p. With interest enlivened by the Plessey figures, other leading Electricals made useful progress with **Racal** advancing 10 to 270p and **GEC** 8 to 410p. Secondary issues were featured by continued speculative demand based on bid hopes for **Ferranti**, up 28 at 595p, after 605p, and a rise of a similar amount to 588p in **Electrocomponents** in response to the good preliminary *results.* ***Farnell*** *also found sup*port and rose 13 to 304p while ***Eurotherm*** *firmed 5 to 345p.* Among smaller-priced issues, *buyers showed interest in* **Electronic Machine** which rose 6 to 28p, but ***BSR***, 5 cheaper at 24p, encountered offerings.

Engineering leaders were rarely altered, but **GKN**, met further sporadic selling and eased 5 more to 238p. Following comment on the proposed merger, dealings resumed in **Rolls-Royce Motors** which closed *at 67p compared with the sus*pension price of 60p, while **Vickers**, *suspended at 129p*, ended at 128p, which puts a value on the share exchange offer of 64p. **Anderson Strathclyde** advanced 7 to 82p on the good preliminary figures and proposed £6m rights issues, while ***Renold*** *70p. closed* a similar amount dearer following the *second-half recovery and forecast of improved results for the current year.*

Johnson Matthey up

Leading miscellaneous issues fluctuated narrowly and closed with little alteration on balance. Elsewhere, **Johnson Matthey** were prominent at 347p, up 15, in response to favourable Press mention, but **Flexello** *Castors dropped 14 to 48p on the* sharply lower interim profits. *News of the agreed bid from* **Foseco**, down 9 at 164p, left ***Unicorn*** *a penny harder at 123p.* Still on the better-than-expected *preliminary results,* ***Powell Duffryn*** advanced 5 further to 205p. Press mention suggesting a possible bid from Hawker Siddeley left **Chubb** 4 higher at 97p. **Lonsdale Universal** eased a penny to 53p and **Durapipe** 2 to 37p following trading statements.

A batch of company trading *statements provided some in*terest in otherwise sluggish *Motor Distributors.* ***Henlys*** and **Lookers** both reported substantial reductions in interim earnings and fell 3 apiece, to 70p and 37p respectively. **Braid** shed 4 to 23p on the first-half loss and passed devidend. Components were again mixed. **Automotive Products** added 2 more to 73p, but **Lucas** *remained* unsettled by the gloomy outlook *for the UK Motor industry and* slipped 4 to 200p. **Fodens** shed a penny to 27p on the company's decision to make 630 workers redundant. **Associated Engineering** eased 1½ to 57½p.

Newspapers turned higher. **Daily Mail A** jumped 13 to 503p, while **Associated** added 5 at 316p and **News** ***International*** *put* on 3 to 183p. Elsewhere, news that the company *has acquired* the bulk of the large TV Times contract helped recently-depressed **BPC**, 2 better at 20½p.

Properties closed mixed despite official optimism on interest rates. **Haslemere Estates** added 4 to 342p, but **Great Portland Estates** shed 6 to 254p. Elsewhere, **Imry** rose 20 to 680p in a thin market and **A. and J. Mucklow** firmed 5 to 172p. **Evans of Leeds** hardened 2 to 132p in response to the preliminary results.

Berkeley good late

British Petroleum, which ended 4 cheaper at 380p on late U.S. influences, failed to benefit further from the oil discovery near its Ninian field, but other partners in the project made fresh headway, **Ranger** advancing £1$\frac{1}{16}$ more to £14⅝ and **Lasmo** 15 further to 750p, after 760p. Elsewhere in Oils, **Berkeley**, up 38 at 240p, featured other exploration issues on reports of a gas find. **Attock** were also outstanding with a gain of 22 to 296p, while **Aran** firmed 8 more to 472p and similar gains were recorded in **Candecca**, 210p, **Hunting Petroleum**, 150p, and **Edinburgh Securities**, 236p.

Among Overseas Traders, **Lonrho** attracted useful support and rose 6 to 101p and **James Finlay** firmed 3 to 100p.

Trusts made headway; reflecting Wednesday's late advance in *the Oil sector.* **Atlantic Assets** gained 6 to 190p and **Viking Resources** *7 to 222p.*

Encouraged by the recent *assets revaluation,* ***Milford Docks*** rose 23 to 173p in a *restricted* market.

The increased annual profits and dividend lifted **Textured Jersey** 2 to 51p. Elsewhere in subdued Textiles, **Shaw Carpets** announced reduced annual profits but the confident tone of the accompanying statement helped the shares gain 2 at 26p.

Lively Australians

Mining markets were featured by hectic activity in the more speculative Australian issues. The heaviest turnover was reported in the **Strata/Haoma/North West Mining** group on further consideration of Strata's *gas discovery in the Perth* Basin.

Strata jumped 16 more to 82p, after 84p, compared with the 10p at which they were changing hands a month ago. **Haoma Gold**, which has a 16 per cent stake in Strata, ended 2 up at 118p, after a peak 123p, while **North West Mining**, with a 25 per cent holding in Strata, advanced 14 *to 106p, after a peak 108p.*

Another feature among the speculatives was **Valiant Consolidated** which raced ahead to close 26 higher at 110p following drilling results from its Holleton gold prospects in Western Australia. Other volatile stocks included **Allstate Exploration**, finally 12 up at 85p, and **Lennard Oil**, 8 better at 74p.

A steady bullion price—finally $2 easier at $623.50 an ounce—encouraged a modest demand for South African Golds. A shortage of stock was a further sustaining influence on prices. The Gold Mines index put on 3.3 to 346.9, bringing the gain over the past three days to 27.2.

Heavyweights showed **Western Holdings** almost a point better at £28¾ and **Free State Geduld** ¼ up at £24, while rumours that the **Anglo American Corporation** was interested in acquiring the waste dumps of **Simmer and Jack**, lifted the latter's shares 27 to 155p, after 168p.

In Financials, bid rumours were responsible for a gain of 10 to 320p in **Tanks**, while the recent strength of the bullion price prompted further buying of **Gold Fields**, 8 firmer at 520p. **Selection Trust** put on ½ to £11½.

Persistent local and overseas buying lifted **Minorco** 24 to 324p. A generally quiet Copper section showed **RCM** 30 to the good at 190p, after 200p, ahead of the results.

White and Cheesman is expanding its Australian oil book by adding 22 stocks from Monday June 30. The stocks include Oil and Minerals Quest, Southern Pacific Pets., Vamgas and Weeks Petroleum, but a full list may be obtained on request.

FINANCIAL TIMES STOCK INDICES

—	June 26	June 25	June 24	June 23	June 20	June 19	A year ago
Government Secs.	69.47	69.78	69.65	70.05	70.53	69.95	70.81
Fixed Interest	70.84	70.82	70.90	70.84	70.84	70.65	72.42
Industrial	466.7	465.9	462.7	469.6	471.8	465.4	459.3
Gold Mines	436.9	343.6	324.5	319.7	326.1	324.2	174.4
Ord. Div. Yield	7.65	7.68	7.75	7.65	7.62	7.69	5.97
Earnings, Yld. % (full)	18.42	18.49	18.65	18.41	18.34	18.55	16.27
P/E Ratio (net) (*)	6.61	6.56	6.53	6.61	6.64	6.56	7.84
Total bargains	21,899	20,268	19,891	22,699	21,972	23,114	—
Equity turnover £m.	—	113.57	101.25	129.86	141.53	136.84	85.98
Equity bargains total	—	15,556	15,394	16,402	16,882	17,693	13,831

10 am 467.3. 11 am 465.2. Noon 465.0. 1 pm 465.4.
2 pm 465.1. 3 pm 465.9.
Latest index 01-246 8026.
*Nil=6.13.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	70.53 (20/6)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	70.90 (24/6)	64.70 (18/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	476.8 (15/2)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (29/2)	265.5 (18/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	June 26	June 25
—Daily		
Gilt Edged	118.9	120.4
Industrials	118.7	128.0
Speculative	48.5	49.5
Totals	84.5	91.1
5-day Avge.		
Gilt Edged	130.6	135.6
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	300	90	—	98	10	116	—	386p
BP	330	60	5	76	—	94	—	"
BP	360	34	14	52	25	76	10	"
BP	390	14	46	31	19	50	2	"
BP	420	4	16	21	1	—	—	"
Com. Union	140	9	39	17	2	23	—	146p
Com. Union	160	2	—	8	8	12	—	"
Cons. Gold	420	103	13	—	—	—	—	520p
Cons. Gold	460	67	10	92	—	103	—	"
Cons. Gold	500	33	138	63	61	78	1	"
Cons. Gold	550	8	106	33	152	—	—	"
Courtaulds	70	5½	—	10½	12	12½	—	74p
Courtaulds	80	1½	3	5	18	7	—	"
GEC	330	86	—	96	1	110	1	408p
GEC	390	29	11	46	—	61	—	"
GEC	420	8½	27	28	1	41	—	"
Grand Met.	120	37	—	39½	2	45	—	156p
Grand Met.	140	17	5	22½	22	28	—	"
Grand Met.	160	5	1	12	—	17½	13	"
ICI	390	8½	—	20	1	32	—	384p
Land Secs.	325	13	42	29	—	41	2	325p
Land Secs.	353	2	12	13	2	25	—	"
Marks & Sp.	100	1½	—	5	2	9	—	91p
Shell	360	60	—	62	—	74	5	406p
Shell	390	22	4	40	—	54	—	"
Shell	420	7	24	20	1	33	—	"
Totals			516		340		34	
		August		November		February		
Imperial Gp.	80	6	3	8½	5	11	—	89p
Imperial Gp.	90	2	—	4½	5	6	—	"
Lonrho	70	37	—	38	5	40	—	102p
Lonrho	80	27	—	28	—	30	1	"
Lonrho	90	18	30	20	4	22	—	"
Lonrho	100	11	54	15	25	16	—	"
P. & O.	120	5½	—	10½	29	13½	—	116p
Racal Elec.	220	50	1	63	—	74	—	269p
Racal Elec.	240	34	17	46	—	60	—	"
Racal Elec.	260	19	5	34	2	44	—	"
RTZ	330	98	3	112	—	—	—	424p
RTZ	420	25	7	43	—	60	—	"
Totals			122		[illegible]		[illegible]	

NEW HIGHS AND LOWS FOR 1980

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (193)

BRITISH FUNDS (2)
AMERICANS (2)
BANKS (2)
BUILDINGS (9)
DRAPERY AND STORES (1)
ELECTRICALS (6)
ENGINEERING (5)
FOODS (2)
INDUSTRIALS (15)
INSURANCE (2)
PAPER (1)
PROPERTY (3)
SHIPPING (1)
TRUSTS (36)
OIL AND GAS (8)
TEAS (1)
MINES (11)

NEW LOWS (17)

STORES (1)
Raybeck
ENGINEERING (4)
Black & Decker, Cronite [illegible]
INDUSTRIALS (7)
Caravans Int., Copydex, Durapipe [illegible]
MOTORS (1)
Braid Group
NEWSPAPERS (1)
Int. Thomson
PAPER (1)
Waddington (J.)
MINES (1)
South Crofty

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	2	81	8
Corpns. Dom. and Foreign Bonds	3	3	60
Industrials	238	186	963
Financial and Prop.	182	60	255
Oils	24	5	15
Plantations	6	5	15
Mines	68	29	60
Others	67	27	64
Totals	600	404	1,440

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., June 26, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., June 25 Index No.	Tues., June 24 Index No.	Mon., June 23 Index No.	Fri., June 20 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	254.87	+1.2	17.47	6.33	7.02	251.87	250.92	251.88	251.70	241.27
2	Building Materials (28)	248.07	+0.9	18.45	6.69	6.43	245.85	245.90	247.57	245.95	222.72
3	Contracting, Construction (27)	372.80	+0.3	25.09	6.49	4.78	371.65	371.57	372.93	368.85	353.54
4	Electricals (16)	692.73	+2.6	11.95	3.52	10.86	675.27	668.56	667.00	668.37	579.23
5	Engineering Contractors (11)	306.06	+0.1	22.19	8.47	5.65	305.89	303.79	305.54	305.32	361.85
6	Mechanical Engineering (74)	169.56	+0.6	18.95	7.83	6.47	168.54	167.93	168.27	168.71	182.31
8	Metals and Metal Forming (16)	163.86	−0.2	22.17	10.36	5.41	164.14	164.98	168.32	168.72	165.72
11	CONSUMER GOODS (DURABLE) (49)	221.80	+1.2	14.85	5.79	8.24	219.15	216.24	219.81	221.45	227.74
12	Lt. Electronics, Radio, TV (14)	327.46	+1.9	11.22	4.15	11.36	321.48	315.62	321.64	324.70	310.40
13	Household Goods (14)	98.73	+0.1	29.95	10.71	3.97	98.60	98.38	99.64	99.96	157.93
14	Motors and Distributors (21)	100.89	−0.5	22.90	9.84	5.07	101.43	101.36	102.34	102.57	116.90
21	CONSUMER GOODS (NON DURABLES) (172)	229.41	−0.1	18.04	6.97	6.69	229.74	229.81	233.45	234.08	232.65
22	Breweries (14)	287.76	+0.1	15.36	6.31	7.68	287.45	285.94	292.85	292.42	268.08
23	Wines and Spirits (5)	295.62	+0.3	18.43	6.32	6.69	294.82	301.13	305.79	307.12	297.77
24	Entertainment, Catering (17)	334.76	+0.7	17.25	6.68	7.19	332.47	332.40	339.75	340.01	305.68
25	Food Manufacturers (21)	205.90	+0.2	19.50	7.26	6.04	205.52	205.07	206.31	205.63	214.93
26	Food Retailing (13)	329.79	+0.6	12.80	4.80	9.32	327.81	327.84	332.83	335.55	291.35
32	Newspapers, Publishing (13)	439.43	+1.3	21.72	6.65	6.22	433.77	431.03	437.12	438.17	427.53
33	Packaging and Paper (15)	131.36	−0.8	27.29	9.49	4.24	132.38	131.13	133.06	133.21	128.00
34	Stores (42)	222.98	−0.8	13.78	5.53	9.35	224.89	222.88	227.60	229.09	234.15
35	Textiles (24)	129.81	+1.1	25.04	11.96	4.87	128.40	127.16	131.09	132.00	162.21
36	Tobaccos (3)	218.78	−0.9	27.88	10.58	4.06	220.76	221.75	229.36	230.17	240.03
37	Toys and Games (5)	27.54	−1.9	44.15	13.84	2.63	28.08	28.08	28.22	27.69	72.69
41	OTHER GROUPS (99)	216.98	—	17.12	7.09	6.93	216.89	214.61	217.06	217.26	200.83
42	Chemicals (16)	315.94	−0.4	19.64	7.63	5.84	317.09	312.64	315.82	316.99	281.96
43	Pharmaceutical Products (7)	217.22	+0.1	11.76	6.36	10.48	216.93	213.68	215.49	216.35	216.56
44	Office Equipment (6)	109.97	+0.1	19.81	7.54	5.78	109.84	108.46	110.05	110.55	119.03
45	Shipping (10)	543.91	+0.4	13.49	6.49	8.98	541.52	540.67	544.07	540.52	451.87
46	Miscellaneous (60)	261.41	+0.3	17.43	6.95	7.02	260.62	258.95	262.67	262.04	239.76
49	INDUSTRIAL GROUP (492)	239.66	+0.3	17.45	6.75	6.93	238.85	237.46	240.61	241.02	233.85
51	Oils (8)	825.39	−0.9	27.95	6.24	3.95	832.91	805.51	810.22	812.41	701.55
59	500 SHARE INDEX	285.85	+0.1	19.73	6.64	5.95	285.66	282.30	285.59	286.14	271.24
61	FINANCIAL GROUP (118)	217.06	−0.6	—	5.79	—	218.41	217.44	219.90	219.39	186.23
62	Banks (6)	233.89	−0.9	41.81	6.95	2.93	235.97	236.35	239.53	242.02	228.67
63	Discount Houses (10)	265.68	+0.6	—	6.65	—	264.05	265.07	266.48	265.79	253.71
64	Hire Purchase (5)	214.94	−0.3	14.54	4.66	8.93	215.59	213.26	216.69	216.26	158.33
65	Insurance (Life) (10)	204.97	−0.4	—	6.21	—	205.79	203.38	206.61	204.32	150.29
66	Insurance (Composite) (9)	142.04	−1.8	—	7.58	—	144.69	143.82	145.56	143.99	121.89
67	Insurance Brokers (9)	313.40	+0.7	14.82	7.30	9.27	311.10	313.21	319.40	318.46	256.19
68	Merchant Banks (13)	128.20	−0.8	—	5.20	—	129.29	126.93	128.62	124.85	95.97
69	Property (45)	406.13	+0.1	3.36	2.85	42.16	405.83	403.37	405.86	406.61	334.95
70	Miscellaneous (11)	135.64	—	16.20	6.43	7.84	135.70	135.55	136.23	135.06	120.74
71	Investment Trusts (109)	241.75	+0.9	—	5.74	—	239.60	239.49	241.03	239.55	208.99
81	Mining Finance (4)	226.21	+0.8	11.93	4.36	10.31	224.35	220.26	222.15	226.01	119.28
91	Overseas Traders (19)	387.98	—	13.12	6.97	9.36	387.87	387.15	388.17	390.07	351.67
99	ALL-SHARE INDEX (750)	270.54	—	—	6.37	—	270.50	267.86	270.81	271.14	247.15

FIXED INTEREST PRICE INDICES

	British Government	Thurs., June 26	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	105.75	−0.18	—	4.99
2	5-15 years	110.86	−0.38	—	6.77
3	Over 15 years	114.46	−0.44	—	7.59
4	Irredeemables	130.57	−0.74	—	7.24
5	All stocks	109.99	−0.34	—	6.30

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Thurs., June 26	Wed., June 25	Year ago (approx.)
1	Low	5 years	11.85	11.78	10.55
2	Coupons	15 years	11.85	11.78	11.05
3		25 years	11.85	11.78	11.64
4	Medium	5 years	13.23	13.22	12.16
5	Coupons	15 years	13.35	13.27	12.56
6		25 years	13.34	13.28	12.47
7	High	5 years	13.34	13.25	12.57
8	Coupons	15 years	13.68	13.61	12.98
9		25 years	13.57	13.46	12.98
10	Irredeemables		11.19	11.11	11.48

		Thur., June 26 Index	Yield %	Wed. June 25	Tues. June 24	Mon. June 23	Friday June 20	Thurs. June 19	Wed. June 18	Tues. June 17	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	53.01	13.98	52.74	52.75	52.76	52.71	52.67	52.56	52.43	57.02
16	Investment Trust Prefs. (15)	49.46	13.69	49.09	48.42	48.42	48.42	48.42	48.42	48.42	49.56
17	Coml. and Indl. Prefs. (20)	64.38	13.92	64.70	64.69	64.61	63.78	63.76	63.59	63.44	68.87

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
LASMO	25p	28	750	+15	760	337
Johnson Matthey	£1	10	347	+15	347	205
Plessey	50p	8	178	+18	178	108
Premier Cons.	5p	8	98	+ 3	98½	39½
BP	25p	7	380	− 4	412	320
Charterhouse	25p	7	88	—	88	61
ICI	£1	7	382	− 2	402	348
Rolls-Royce	25p	7	67	—	71	47
Unilever	25p	7	478	+ 3	480	388
BAT Inds.	25p	6	258	− 3	276	223
Boots	25p	6	211	—	218	158
European Ferries	25p	6	165	+ 3	165	98
GKN	£1	6	238	− 5	279	230
Marks & Spencer	25p	6	92	− 1	97	77
Shell Transport	25p	6	402	− 4	410	314

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Jun. 9	Jun. 20	Sept. 11	Sept. 22
Jun. 23	Jul. 4	Sept. 25	Oct. 6
Jul. 7	Jul. 18	Oct. 9	Oct. 20

For rate indications see end of Share Information Service

Stocks favoured for the call included Debenhams, PMA, Silvermines, Tricentrol, Premier Oil, FNFC, British Land, Woodside, Lasmo, Avana, Montague L. Meyer, Chubb, Percy Bilton, Courtaulds, CCP, Turner and Newall, Comfort Hotels, Endeavour, Lonrho and Charter Cons. Puts were arranged in Woodside and Berkeley Exploration. No doubles were reported.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
¶	F.P.	—	£14¼	£14¼	Beijerinv'st BSWKR50	£14¼		[illegible]			
55	F.P.	20/6	90	74	Home Farm Prods 10p	88		[illegible]			
‡	F.P.	—	[illegible]	[illegible]	[illegible]	[illegible]					
83	F.P.	27/6	91	79	Oakwood Group	81		b5.5	2.4	11.5	8.6
100	F.P.	27/6	110	93	Peerless	93		b5.3	2.8	9.7	4.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
	F.P.	[illegible]	148	111	Automated Sec. 8½ Cnv. Uns. Ln. '95	145	
	F.P.	[illegible]	[illegible]	[illegible]	Can. Imp. Bk. of Commerce 11½ Deb. 1985	[illegible]	
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −
[illegible]			20pm	20pm	Astbury & Madeley	18½pm	
[illegible]			[illegible]	[illegible]	Brown & Jackson	[illegible]	
[illegible]			[illegible]	[illegible]	Carless Capel	[illegible]	
[illegible]			[illegible]	[illegible]	Clifford's Dairies 'A'	[illegible]	
[illegible]			[illegible]	[illegible]	Clyde Petroleum	[illegible]	
[illegible]			[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]			[illegible]	[illegible]	Harrison & Crosfield	[illegible]	
[illegible]			[illegible]	[illegible]	Land Securities	[illegible]	
[illegible]			[illegible]	[illegible]	Linfood	[illegible]	
[illegible]			[illegible]	[illegible]	Lloyds & Scottish	[illegible]	
[illegible]			[illegible]	[illegible]	Pancontinental	[illegible]	
[illegible]			[illegible]	[illegible]	Silvermines	[illegible]	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at £1.50 per unit. ‡ Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

King & Shaxson Mngrs.
[illegible]

Kleinwort Benson Limited
20, Fenchurch St., EC3.
[illegible]

Lazard Brothers & Co. (Jersey) Ltd.
[illegible]

Lloyds Bk. (C.I.) U/T Mgrs.
[illegible]

Lloyds Bank International, Geneva
[illegible]

M & G Group
[illegible]

Management International Ltd.
[illegible]

Midland Bank Tst. Corp. (Jersey) Ltd.
[illegible]

Samuel Montagu Ldn. Agents
[illegible]

Murray, Johnstone (Inv. Adviser)
[illegible]

Negit S.A.
[illegible]

N.E.L. International Ltd.
[illegible]

Pacific Basin Fund
[illegible]

Phoenix International
[illegible]

Providence Capital Life Ass. (C.I.)
[illegible]

Quest Fund Mngmnt. (Jersey) Ltd.
[illegible]

RBC Investment Managers Limited
[illegible]

Richmond Life Ass. Ltd.
[illegible]

Rothschild Asset Management (C.I.)
[illegible]

Rothschild Asset Mgt. (Bermuda)
[illegible]

Save & Prosper International
[illegible]

Schroder Life Group
[illegible]

Surinvest Trust Managers Ltd.
[illegible]

TSB Unit Trust Managers (C.I.) Ltd.
[illegible]

TSB Gilt Fund Managers (C.I.) Ltd.
[illegible]

Tokyo Pacific Holdings N.V.
[illegible]

Tyndall Group
[illegible]

Unilife Assurance (Overseas) Ltd.
[illegible]

Union-Investment-Gesellschaft mbH
[illegible]

S. G. Warburg & Co. Ltd.
[illegible]

Wardley Investment Services Ltd.
[illegible]

World Wide Growth Management
[illegible]

Wren Commodity Trust
[illegible]

NOTES
[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (b)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgrs. Ltd.

Barclays Unicorn Ltd.

Baring Brothers & Co. Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Trust Management (a)(g)

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd.

Carr, Sebag Unit Trust Managers (a)

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.

Cimbalam Fund Managers (b)

Confederation Funds Mgt. Ltd. (a)

Cosmopolitan Fund Managers

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Darlington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmt. Ltd.

Equity & Law Un. Tr. M.

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Tr. Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a)(b)(c)

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd. (a)(g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L. & C. Unit Trust Management Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Trust

M & G Group (y)(c)(z)

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a)(g)

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt.

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Saturn Fund Management Limited

Save & Prosper Group

Schlesinger Trust Mngrs. Ltd. (a)(c)(g)

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Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd. (a)(g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co. (y)

Tyndall Managers Ltd. (a)(b)(c)

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

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Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Gartmore Bonds

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'dam & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Standard Life Assurance Company

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

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Butterfield Management Co. Ltd.

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DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

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Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Frankfurt Trust Investment—GmbH

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Guinness Mahon Fd. Mgrs. (Guernsey)

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Admin. (Guernsey) Ltd.

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intnl.

N.V. Interbeheer

International Pacific Inv. Mngt. Ltd.

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Keyser Ullmann Ltd.

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Five to Fifteen Years

Over Fifteen Years

Undated

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CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

1980 High	Low	Stock	Price £	+ or -	Int.	Red. Yield
61¾	56½	Agric. Mt. 5pc '59-89	61xd	......	8.18	12.24
80	73½	Alcan 10½pc '89-94	78½xd	+½	13.37	14.10
28½	25	Met. Wtr. 3pc 'B'	28½	......	10.39	12.95
103	89	U.S.M.C. 9pc 1982	100xd	......	9.00	—
92	85½	Do. without Warrants	90xd	......	10.00	12.95

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Eastern Rand

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Far West Rand

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[illegible]

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[illegible]

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[illegible]

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[illegible]

Copper

[illegible]

Miscellaneous

180	78½	Anglo-Dominion	145	......	—	—	—
97	56	Barymin	57	......	—	—	—
17	12	Burma Mines 10p	15	......	0.62	1.1	6.0
502	320	Cons. Murch. 10c.	320	......	Q100c	1.8	18.6
180	125	††Hemerdon 10c.	125	......	—	—	—
585	325	Northgate C$1	400	+10	—	—	—
485	327	R.T.Z.	422	+2	15.0	3.2	5.1
33	16	Robert Mines	23	......	—	—	—
58	26	Sabina Inds. C$1	29	......	—	—	—
51	44	††SWCM 10p	50	+4	—	—	—
650	411	Tara Exptn. $1	450	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	30	......
Bertam	16	......
Bdg'wtr. Est. 50p	415	......
Clover Croft	60	......
Craig & Rose £1	£10½	......
Fife Forge	32½	......
Finlay Pkg. 5p	18	......
Graig Ship. £1	£15	......
Higsons Brew	75	......
Holt (Jos) 25p	250	......
I.O.M. Stm. £1	198	......
Pearce (C. H.)	455	......
Peel Mills	40	......
Sheff. Refrsmt	103	......
Sindall (Wm.)	143	......

IRISH

Conv. 9% '80/82	£98½	+⅛
Nat. 9¾% 84/89	£80⅝	+⅛
Fin. 13% 97/02	£92¼	+⅝
Alliance Gas	48	......
Arnott	345	......
Carroll (P.J.)	57xd	......
Clondalkin	120	......
Concrete Prods.	75	......
Helton (Hldgs.)	32	−1
Ins. Corp.	246	......
Irish Ropes	45	......
Jacob	52	......
T.M.G.	85	+3
Unidare	90	......

OPTIONS

3-month Call Rates

Industrials

A. Brew	7
BOC Intl.	6
B.S.R.	4½
Babcock	8
Barclays Bank	34
Beecham	10
Blue Circle	25
Boots	16
Bowaters	15
B.A.T.	20
Brown (J.)	6
Burton 'A'	10
Cadburys	5½
Courtaulds	8
Debenhams	8
Distillers	17
Dunlop	7½
Eagle Star	15
F.N.F.C.	2¼
Gen. Accident	21
Gen. Electric	30
Glaxo	28
Grand Met.	12
G.U.S. 'A'	34
Guardian	23
G.K.N.	20
Hawker Sidd	15
House of Fraser	15
I.C.I.	27
"Imps"	6½
I.C.L.	14
Inveresk	4
Ladbroke	15
Legal & Gen.	15
Lex Service	8
Lloyds Bank	24
"Lofs"	3½
London Brick	6
Lucas Inds.	17
"Mams"	14
Mrks. & Spncr.	8
Midland Bank	26
N.E.I.	5
Nat. West. Bank	27
P & O Dfd.	10
Plessey	14
Racal Elect.	22
R.H.M.	4½
Rank Org.	15
Reed Intnl.	16
Sears	5
Tesco	6
Thorn	23
Trust Houses	12
Tube Invest.	23
Unilever	40
U.D.T.	5½
Utd. Drapery	6½
Vickers	12
Woolworths	5½

Property

Brit. Land	7
Cap. Counties	4
Land Secs.	24
MEPC	17
Peachey	13
Samuel Props.	12
Town & City	2

Oils

Brit. Petroleum	32
Burmah Oil	20
Charterhall	10
KCA	11
Premier	13
Shell	35
Tricentrol	40
Ultramar	35

Mines

Charter Cons.	14
Cons. Gold	40
Lonrho	8
Rio T. Zinc	35

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 34

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FINANCIAL TIMES
Friday June 27 1980

GISCARD SPEAKS ON DEFENCE POLICY

France accepts neutron bomb

BY ROBERT MAUTHNER IN PARIS

THE French Government has decided in principle to add the neutron bomb to its panoply of nuclear weapons within the next few years, President Valery Giscard d'Estaing made clear here yesterday.

The weapon, which destroys human life but leaves buildings intact, was the subject of controversy early in 1978 when moves to deploy it among NATO members were first considered.

President Giscard, giving his first Press conference since February 1979, confirmed that France had already tested this advanced tactical nuclear weapon, which is particularly effective in anti-tank warfare.

But he left open the question of when France would start producing the bomb. A decision could be taken in 1982 or 1983, on the basis of present technical developments, but if the Government considered that a more advanced version of the bomb was required, production would not begin until two years later.

In that case, the decision would have to take account of the kind and number of nuclear weapons likely to be deployed in Europe at that time.

Though President Giscard did not go into the details of France's basic strategic choice for the period up to the beginning of the next century, he indicated that the policy of complete reliance on massive nuclear retaliation, a cornerstone of General de Gaulle's military doctrine, would be modified.

The Government's examination of the circumstances in which the neutron bomb and other tactical nuclear weapons would be employed, he said, took into account the fact that France was directly concerned by the security of neighbouring European states.

President Giscard's remarks were in line with previous statements that France inevitably would be involved in any conflict on West Germany's Eastern border.

Until 1992, France's defence strategy would continue to be based on its land-based, airborne and submarine-based nuclear missile forces, he said. After that date, one or other of these elements might have to be replaced, and a decision had already been taken to develop a mobile land-based strategic missile system.

In this context, the President ruled out both a reduction in the length of military service, currently 12 months, as proposed by the Gaullists, and the replacement of conscription by a largely professional army.

On the Soviet Union's intervention in Afghanistan, President Giscard said that the withdrawal of some Soviet troops from the country, however small in number, was a step in the right direction.

The withdrawal, he said, was tantamount to a recognition by Moscow that its occupation of Afghanistan was directly responsible for the deterioration in international relations since the end of last year, and that only a political solution of this problem could save East-West détente.

The President admitted, however, that the positions of the Soviet Union and the Western countries were still very far apart. To his knowledge, he said, Moscow had not adopted a timetable for a complete withdrawal from Afghanistan, though he had insisted that this was necessary when he met Mr. Leonid Brezhnev, the Soviet leader, in Warsaw recently.

President Giscard also referred to the storm created by his statement that enlargement of the European Community would have to wait until the present members had resolved their basic disagreements over the EEC's financing system and common farm policy.

Denying that he had ever used the word "pause," he said that at the last European summit in Luxembourg it had been decided to question some of the Community's fundamental roles. Potential new members such as Spain and Portugal, he said, had to know what the situation was before they could complete their entry negotiations.

In a clear reference to Britain, he said that if all the member states agreed that the present financing system would continue after 1982, negotiations on Spain's and Portugal's entry into the Community could proceed normally.

£99 BA flights to Hong Kong

BY LYNTON McLAIN

THE BATTLE to win passengers on the London to Hong Kong air route intensified yesterday as British Airways announced a special £99 single fare and British Caledonian pledged itself to match any of its competitors' charges.

B-Cal last week proposed a single stand-by fare of £100 when its Hong Kong services start on August 1.

But yesterday Mr. Alistair Pugh, the airline's managing director said: "We will match any fare that British Airways or any other airline puts up."

Licence

The plans for cheap fares on the route a result directly from the Government overturning a U.K. Civil Aviation Authority decision that only British Caledonian Airways should be licensed to break British Airways' 30 year old monopoly on the route.

But the government's decision to licence Laker Airways, Cathay Pacific Airways and B-Cal has to be endorsed by the Hong Kong Air Transport Licensing Authority.

The Hong Kong authority has issued permits for only to Cathay and B-Cal.

B-Cal's immediate plan is to scrap its £100 fare proposal and offer stand-by tickets at exactly the same price as BA from the start of its services.

Cathay Pacific, whose flights start on July 17, refused to be stampeded into joining the growing fares battle.

The airline said in London yesterday it would continue with its original fares structure, where the cheapest ticket is £151 midweek advanced purchase.

British Airways proposes a £99 single advance purchase ticket, on which passengers will not be able to specify the flight. This compares with its current cheapest ticket, the £195 advance purchase.

Round trip

Passengers with BA who want a confirmed return date can buy a conditional booking round trip ticket from £250. The confirmed date is given when the conditional booking is made for the outward journey.

Laker Airways has proposed a Skytrain, non-reservable ticket price of £133.

● Britain's "open skies" policy for the London to Hong Kong route was attacked yesterday by Mr Umberto Nordio, the chairman of Alitalia. He said in Rome any move to U.S.-style deregulation of European airlines would be "madness."

THE LEX COLUMN

Plessey dials the right numbers

With the long tap activated yesterday morning, the bulk of the new stock, Treasury 13 per cent 2000, has now been sold. The continuing high level of gilt-edged sales looks to be very necessary given the further deterioration in the PSBR implied by the British Steel revelations, though it could be argued that this is a legitimate call on the contingency account.

Plessey

Final quarter profits of £24.7m from Plessey are way ahead of recent expectations and take the year's total up from £46.2m to £60.1m pre-tax. These figures seem rather freakish, especially on the main exchanges side where the final quarter produced three-fifths of the year's total profits. All the same, Plessey now looks capable of pushing this year's profits up by, say, 15 per cent and the shares rose 18p to 178p on the news.

Over 1979-80, the quarterly pattern has been distorted by the impact of strikes—the main exchanges business, for instance, completed 30 per cent of the year's sales in the last four months. Some loss making Strowger contracts were completed around Christmas, and rationalisation has had a big impact on the important Liverpool factory, which lost £8m in 1978-79, £2.2m in 1979-80—and made a profit in the final quarter. In addition, the formula for pricing Post Office contracts seems to have become rather less rigid, and that might have had an impact too.

At the same time, there has been a substantial rise in the order book, which at just over £1bn has increased by an underlying rate of 37 per cent with the biggest increases registered in telecommunications electronic systems, and aerospace. In addition, Plessey has significantly improved its working capital ratios and accommodated a much higher capital spending programme without damaging its balance-sheet. Debt has fallen, from 31 to 25 per cent of shareholders' funds. So there are no plans for a rights issue (or, apparently, for a move on Ferranti).

Of course Plessey has had its share of false dawns in the past. But this time its story does begin to look rather convincing.

Forseco/Unicorn

Foseco Minsep presumably knows precisely what it is taking on in the proposed merger with Unicorn Industries, since its finance director came over from Unicorn two years ago. The agreed deal probably has more marketing than manufacturing logic. Unicorn has been on a profits plateau for the last four years and further expansion overseas through Foseco's contacts looks an attractive strategy, though it may take longer than expected. Doubtless an additional factor in Unicorn's acceptance of Foseco's terms is the loss of key management figures in a plane crash last September.

After the 9p drop in the Foseco share price yesterday to 164p, the offer is worth £38.3m. This represents a premium of 55 per cent over the Unicorn price two weeks ago, before the announcement of the approach; it is in line with net worth. The three-way paper package alternative will be considerably more attractive to gross funds holding Unicorn shares, allowing their income to be maintained, whereas the straight share offer represents a reduction of about 30 per cent. If half the shareholders go for the convertible alternative, the merged group will have net debt of about 36 per cent of with 21 per cent for Foseco on its own.

It would be desirable if the formal offer documents were to include some sort of profits forecast, at least for the first half of Foseco's year, to provide some further reassurance to Unicorn shareholders.

Fisher Report

The share price of Alexander Howden has suffered an overall drop of 7p this week on well-informed anticipation of the Fisher Report on the self-regulation of Lloyd's. And sure enough, the most price-sensitive aspect of the report is its call for brokers to be required to dispose of their interests in managing agencies. Howden is the most exposed here, with underwriting agency business representing about a fifth of profits. But other brokers like Hogg Robinson, Minet and Willis Faber also have significant interests; in all, quoted brokers may be getting revenue of about £15m from this source.

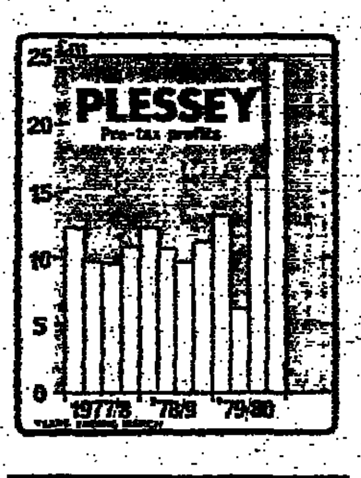
However, there should be no serious problems. To begin with, brokers are offered a period of grace of five years. And that part of agency income which is generated by members' agents can be kept. It could well be that ways can be found in which the brokers can rearrange their interests, reducing the damage while at the same time complying with the new rules.

Redland

After being broadly unchanged at the halfway stage pre-tax profits at Redland have shot ahead in the second six months to produce a full year figure of £57.3m, an improvement of 27 per cent. The share price rose 7p yesterday to 177p offering a well-covered yield of about 5½ per cent.

The key to the second half improvement is the performance of the West German subsidiary Braas, where volume has risen about 15 per cent over the year in spite of the harsh weather of the first quarter. The contribution from this source is probably about £10m higher. The performance in the UK has been considerably less exciting although the figures have been depressed by the attribution of the interest charges associated with the recent acquisitions in the U.S. Adjusting for this underlying profits have probably risen about 10 per cent. There have been better UK results from the roofing business, bricks and waste disposal but returns from traffic control have disappointed and there has been a loss in concrete pipes.

In the current year the mild winter will mean Braas maintaining its profitability even if the West German building boom peters out in the second half. Any declines in the U.S. and UK should be held to reasonable levels, while Australia is likely to move ahead. So pre-tax profits in the current year should be in the same range as last year.



Index rose 0.8 to 466.7

BSR to close two more factories

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE TROUBLED record player manufacturer BSR is to pay off 2,300 employees—more than a quarter of its workforce—and to close two factories, unions were told yesterday.

The closures are a further sign of Britain's declining influence in the fiercely competitive world market for record changers—a market it once dominated with over 80 per cent of global sales. BSR had up to 75 per cent of the market for the lower-priced changers in which it specialises, and had considerable success selling to Japanese manufacturers.

BSR's decline follows that of the Garrard record company, which once dominated the quality sector of the market and which at one time sold 2m units a year. But after a series of setbacks sales fell to less than one-tenth of their peak, and the remains of the company was sold by Plessey.

Most of BSR's redundancies will be at East Kilbride in Lanarkshire, where production of record changers is to be ended with the loss of 1,700 jobs.

BSR was once one of the new town's largest employers, but began its run-down at the end of last year with the closure of its McDonald Equipment subsidiary with the loss of 1,000 jobs. The East Kilbridge Development Corporation described the latest move as a devastating blow.

The company's plant at Cradley Heath, Birmingham, is also to cease manufacturing and there will be redundancies from other factories in the Midlands.

In April the company reported profits down from £15.2m to £3.9m and showed a loss of £5m on a current cost basis. Net borrowings showed a sharp rise from £7m to over £26m.

Union leaders said they were shocked by the announcement, which was given to officials and shop stewards by Mr. Tom Shaw, BSR's industrial relations director, at a meeting in Birmingham.

Mr. Gavin Laird, executive member of the Amalgamated Union of Engineering Workers, said employees felt betrayed by the company.

State aid details for EEC

By Margaret Van Hattem in Brussels

THE EEC COMMISSION has adopted a directive which will require member governments to disclose details of financial transfers to public enterprises. The move is a direct and unprecedented challenge to governments' sovereignty.

This will enable the Commission to scrutinise the size and nature of Government's public sector subsidies in the light of the Community's competition policy. It will open the way for the Commission to intervene and stamp out competing subsidies between EEC states in key industrial sectors.

The move is likely to provoke irritation among those governments with important public sector industries—Britain, Italy, France and West Germany—and strong political resentment against what will be seen as an attempt to usurp the power of the Council of Ministers.

The directive takes advantage, for the first time, of a clause in Article 90 of the Treaty of Rome which enables the Commission to bypass the Council and introduce its own directives relating to public undertakings.

The Commission has tried to sweeten the pill with some significant exemptions. The energy sector, public banks and transport are excluded for the present, and posts, telegraphs and telecommunications are permanently exempt.

But the new directive insists that all other public and semi-public enterprises with a cumulative turnover exceeding 40m European Units (£25m) for the past two years must be open to inspection by the Commission.

Prime targets are likely to include unwieldy and hitherto inscrutable state enterprises such as Italy's IRI empire which encompasses, shipbuilding, steel, cars and aviation.

The preparation of the document released in Brussels yesterday has been the subject of four years of behind-the-scenes wrangling which has intensified over the past two years as member states fought to circumvent the Commission's attempt to gain a wider authority.

The adoption of the directive—only a few details of which remain to be settled—represents a breakthrough for the competition authorities headed by the Luxembourg Commissoner, M. Raymond Vouel. Commissioners from Britain, Italy and France are believed to have resisted, if not directly opposed, his plans.

Foseco Minsep makes £38m bid for Unicorn Industries

BY ANDREW FISHER

FOSECO MINSEP, the UK metallurgy, building product and special chemicals group, has made a bid worth £38m for Unicorn Industries, which the board of the abrasives company has accepted.

Since Unicorn said two weeks ago that it had received an approach and Foseco was tipped as a possible bidder. The market was not therefore surprised at the offer.

Shareholders of Unicorn, formerly called Universal Grinding, are being offered a combination of shares and loan stock with a straight share alternative.

Foseco already owns just over 2 per cent of Unicorn, which lost four top executives in an air crash off Nice last year. The major shareholder is the Kuwait Investment Office which owns nearly a tenth.

The terms of the composite offer consist of four Foseco ordinary shares plus three 8½ per cent convertible second preference shares of £1 each and £3 of 10 per cent convertible loan stock in exchange for 10 Unicorn shares.

But shareholders who pay high tax can take the alternative of eight Foseco ordinary shares for 10 of Unicorn, under which their income from the investment will decline.

Unicorn's shares showed little change on the day, rising 1p to 123p. Those of Foseco shed 9p to close at 164p. At this level Foseco's bid is worth £38m.

Dr. David Atterton, Foseco's chairman, said the companies served the same sectors at different stages of the industrial process, and were not in direct competition.

Foseco, which makes more than 80 per cent of its sales abroad, supplies specialist products to the metallurgical, building and mining industries, while the more heavily UK-oriented Unicorn manufactures abrasives, grinding wheels, diamond drilling machinery and also sells diamonds.

Foresco's present finance director, Mr. ‡Peter Welch, was with Unicorn until two years ago. He said yesterday the acquisition would enable Unicorn to open more in foreign markets and extend its product range.

Rothschild is the advisers to Foseco, which recorded a slight rise in pre-tax profit last year from £17.4m to £18.4m. Unicorn suffered a fall from £7.4m to £6.5m as a result of strikes and a Swedish acquisition.

According to Mr. Brian Ball-Greene, Unicorn's chairman, profit should improve this year. The company is being advised by Lazard Brothers.

News Analysis, Page 27

BL's worst-ever sales month

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL SEEMS certain to record its poorest sales performance ever this month with a market share below 15 per cent.

This prospect, revealed by unofficial figures circulating in the industry, produced a predictable reaction from union leaders yesterday. They called for an urgent meeting with Government ministers and Sir Michael Edwardes, BL's chairman.

Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, said: "BL desperately needs aid over the next couple of months until the new Mini Metro is launched. Otherwise the company could go the same way as the British motor cycle industry."

However, BL itself had been forecasting that its sales and market share in June would be around 15 per cent. Its major marketing campaigns in earlier months have ended while sales of one of its best-selling cars, the Marina, were expected to fall steeply because customers are waiting for the launch of a "facelifted" version, the Ital, next month.

The sharp drop in total new car registrations was also to be expected in June when compared with the same month in 1979 because registrations last year at this time were boosted by the rush to beat the VAT increase announced in the Budget.

The indications are that total June registrations will be around 100,000, in line with 1976 and 1977 but a little below the 1978 level for the month.

This would put the new car market on target to match forecasts made early in 1980 by BL when a fall from last year's 1.71m registrations to around 1.45m was predicted. The Society of Motor Manufacturers and Traders' forecast was a little higher at 1.5m.

Mr. Duffy yesterday urged the Government to put pressure on Japanese and other exporters of cars to the UK while other union leaders renewed calls for the introduction of selective import controls "to protect British industry."

The Department of Trade, while keeping a close watch on developments, has been perfectly happy so far to rely on the industry-to-industry undertakings between the UK car makers and their counterparts in Japan to cope with the question of Japanese imports.

So far this year the Japanese have taken a 10.54 per cent market share, in line with what was to be expected in view of their undertaking to be "prudent" in their approach to the UK market.

Foden redundancies; Seddon-Atkinson short time, Page 7

£800m long tap sales

Continued from Page 1

figures and by the prospects pects for mid-July....

These hopes provided a strong background for the long tap, 13 per cent Treasury 2000, when dealings started yesterday. An estimated £100m nominal was quickly sold in addition to approaching £700m sold at tender on Wednesday, leaving about £200m unsold.

An attempt to buy out the stock failed, however, and gilt-edged prices fell back. The new stock slipped from a day's high of £30¼ to close at about its £30 per cent partly-paid tender price. Other longs finished up to £⅛ down on the day. There was still relatively little interest in the short 1985 tap which remained at its £40 paid tender price.

While City analysts remain generally optimistic about interest rate prospects, there is growing concern about the public sector borrowing in view of the signs of overspending.

Weather

UK TODAY

SUNNY periods and showers, possibly heavy in the East. Southwest areas mostly dry. Max. 19C (66F).

Scotland and Northern Ireland

Mainly cloudy with sunny intervals and showers. Temperatures near normal.

Outlook: Showers and sunny intervals with perhaps longer outbreaks of rain in the south and southwest. Rather cool.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	23	73	Lisbon	S	23	73
Algiers	S	29	84	Locarno	R	14	57
Amsdm.	F	16	61	London	F	17	63
Athens	S	30	86	Luxmbg.	C	14	57
Bahrain	S	37	99	Luxor	S	40	104
Barclna.	F	22	72	Madrid	S	24	75
Belfast	F	14	57	Majorca	F	29	84
Belgrd.	F	25	77	Malaga	S	26	79
Berlin	F	18	64	Malta	S	32	90
Biarritz	C	15	59	M'chstr.	Th	15	59
Bmghm.	F	16	61	Melbne.	C	17	63
Blackpl.	S	16	61	Milan	S	16	61
Bordx.	C	17	63	Moscow	C	17	63
Boulgn.	C	15	59	Nairobi	C	20	68
Bristol	Th	15	59	Naples	F	24	75
Brussels	F	17	63	Nwcstl.	C	12	54
Budpst	C	21	70	N. York	S	26	79
B. Aires	S	12	54	Nice	F	23	73
Cairo	S	40	104	Oporto	S	20	68
Cardiff	R	16	61	Oslo	R	13	55
Cas'b'ca	F	23	73	Paris	F	17	63
Cape T.	C	14	57	Perth	R	16	61
Chicago	C	29	85	Prague	C	18	64
Cologne	D	13	55	Reykjvk.	S	10	50
Cpnhgn.	F	16	61	Rhodes	S	28	82
Corfu	S	29	84	Rome	F	24	75
Dublin	F	17	63	Salzbrg.	C	19	66
Dbrvnk.	F	24	75	Singapr.	S	31	87
Ednbgh.	C	14	59	Stckhm.	R	17	63
Faro	S	25	77	Strasbg.	Th	17	63
Florence	C	22	72	Sydney	S	22	72
Frankft.	C	17	63	Tangier	S	26	79
Funchal	C	22	72	Tehran	S	22	72
Geneva	C	16	61	Tel Aviv	S	27	81
Gibrltr.	S	30	86	Tenerife	F	17	63
Glasgow	F	16	61	Tokyo	C	26	79
G'rnsey	F	13	55	Toronto	S	28	82
Helsinki	F	19	66	Tunis	S	29	84
H. Kong	C	17	63	Valencia	F	25	77
Innsbrk.	C	19	66	Venice	F	17	63
Invrnss.	C	12	54	Vienna	F	19	66
Jersey	F	15	59	Warsaw	C	18	64
Jo'burg	S	16	61	Zurich	F	17	63
L. Plms.	C	22	72				

C—Cloudy. D—Drizzle. F—Fair. R—Rain. S—Sunny. Th—Thunder.

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